



city of newport beach

CITY MANAGERS **QUARTERLY BUSINESS REPORT**

july - september 2011



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Quarterly Financial Report

city of newport beach | finance department

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Fiscal Year 2010-11 saw global economic instability, a natural disaster in Japan, the European financial crisis, a sputtering US economy, debt ceiling issues and high jobless rates. The net result was consistent consumer uncertainty and high volatility across all markets.

Even though the economic recovery is now more than two years old, the pace of the recovery in the labor market continues to be weak by historical standards. However, given this global economic crisis, Newport Beach continues to fair relatively well.. The result for Newport Beach was a second year of minimal-to-flat revenue growth that has kept us focused on Council priorities and disciplined fiscal decisions. We adhered to our Council's 15-point Fiscal Sustainability Plan which allows the City to "stay the course" with responsible, yet challenging, spending decisions and strong revenue monitoring, analysis and reporting.



Executive Summary

GENERAL FUND SUMMARY

Overall, General Fund Revenues finished 2.9% higher than the prior year while expenditures finished 4.1% lower. On a budgetary basis, General Fund revenues finished up \$5 million year than our original estimates and expenditures finished more than \$7.5 million under budget. The net result was that the General Fund finished up \$12.5 million for the year, prior to considering a one-time transfer of \$31.1 million to the Facilities Financing Fund. This was due to the City Manager's task to Department Director's to right-size each department as it should look by Fiscal Year (FY) 2012-13. Each Director took this task seriously and began immediately making changes, resulting in budgetary savings for the General Fund for fiscal year 2010-11 and structurally going forward. This increase to fund balance was allocated to various fund reserves, commitments and unassigned fund balance.

It is important to note that the City had planned and budgeted for the one-time transfer of \$31.3 million from the General Fund to the Facilities Financing Fund. After considering this transfer, the General Fund closed the year with a net decrease in Fund Balance of \$18.8 million. This transfer is discussed in more detail later.

TOP "3" REVENUES

PROPERTY TAXES

Property Taxes finished the year down nearly .5%, when compared to the previous fiscal year actuals for 2009-10. This was a net result of a .6% increase in secured property tax revenues and a nearly 31% decrease in prior year penalties and interest. However, Finance staff had expected this decrease in receipts and lowered the estimated revenue budget projections for Property Taxes to accommodate this expected reduction. In the end, final property tax collections exceeded the budget of \$70.6 million by \$1 million which was just one component of the increase to General Fund balance for FY 2010-11.

SALES TAXES

Sales Tax revenue continues to trend upward, finishing up nearly 6% over prior FY 2009-10. While improving, this activity is still far short of the previous economic expansion as a weak job market, economic uncertainty, housing price reducing and high energy prices restrain consumer spending. Restaurants regained the top sales tax producing segment by posting a year-over-year (YOY) increase of 5.8%, barely inching out new auto sales revenues which grew only by 1.2% (YOY). While considerably less in overall sales taxes generated, department stores, service stations, office equipment and light industry segments all posted impressive double digit YOY increases. The FY 2010-11 budget had built in a minimal growth factor for sales taxes due to the poor economy and high unemployment rate. In the end, revenue exceeded budget by approximately \$1 million which was another component of the \$12.5 million increase to fund balance this FY.

Sales Taxes In-Lieu appeared to increase nearly 38% over the prior year. However, most of this increase is attributable to the State withholding \$1.2 million in FY 2009-10 due to an overpayment in FY 2008-09.

TRANSIENT OCCUPANCY TAXES (TOT)

TOT increased nearly 15% over the prior year. Even though the economy did not show signs of marked improvement, the City's TOT revenues were not deterred. All hotels were up, and Pelican Hill Resort led the way with its second full year of operations since opening at the height of the recession. At year end TOT collections exceeded budget by almost \$1.8 million also contributing to the increased General Fund balance.

GENERAL FUND COMPARATIVE INCOME STATEMENT

| | Fiscal Year | | | |
|--|---------------|----------------|-----------------|----------|
| | 2010 | Unaudited 2011 | \$ Change | % Change |
| General Fund Revenues: | | | | |
| Property Taxes | \$ 71,999,967 | \$ 71,630,345 | \$ (369,622) | -0.51% |
| Sales Taxes | 17,440,736 | 18,455,181 | 1,014,445 | 5.82% |
| Sales Taxes In Lieu | 4,539,946 | 6,284,266 | 1,744,320 | 38.42% |
| TOT Taxes | 11,400,710 | 13,082,451 | 1,681,741 | 14.75% |
| All other Revenues | 41,533,523 | 41,763,113 | 229,590 | 0.55% |
| Total Revenues | 146,914,882 | 151,215,356 | 4,300,474 | 2.93% |
| General Fund Expenditures: | | | | |
| General Government | 15,086,125 | 14,934,808 | (151,317) | -1.00% |
| Public Safety | 56,108,046 | 57,177,787 | 1,069,741 | 1.91% |
| Public Works | 25,681,411 | 24,669,717 | (1,011,694) | -3.94% |
| Community Development | 8,097,847 | 7,644,104 | (453,743) | -5.60% |
| Community Services | 13,109,514 | 14,215,085 | 1,105,571 | 8.43% |
| Capital outlay | 8,627,010 | 1,982,787 | (6,644,223) | -77.02% |
| Debt Service | - | 955,779 | 955,779 | N/A |
| Total Expenditures | 126,709,953 | 121,580,067 | (5,129,886) | -4.05% |
| Excess of revenues over expenditures | 20,204,929 | 29,635,289 | 9,430,360 | 46.67% |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,519,725 | 331,088 | (1,188,637) | -78.21% |
| Transfers out (Excluding FFP Transfer)* | (20,677,752) | (17,445,588) | 3,232,164 | -15.63% |
| Issuance of Debt | 1,500,000 | - | (1,500,000) | -100.00% |
| Total other financing sources (uses) | (17,658,027) | (17,114,500) | 543,527 | -3.08% |
| Net Change in Fund Balance (Pre FFP Transfer)* | 2,546,902 | 12,520,789 | 9,973,887 | 391.61% |
| Fund Balances, beginning | 79,610,964 | 82,157,866 | 2,546,902 | 3.20% |
| Fund Balances, Ending (Pre FFP Transfer)* | 82,157,866 | 94,678,655 | 12,520,789 | 15.24% |
| FFP Transfer Out* | - | (31,300,000) | (31,300,000) | N/A |
| Fund Balances, ending (Post FFP Transfer)* | \$ 82,157,866 | \$ 63,378,655 | \$ (18,779,211) | -22.86% |

*In FY 11 \$31.3 Million was transferred to separate Facilities Financing Plan Fund

GENERAL FUND RESERVES

| | 2010 | Unaudited 2011 | Change |
|-------------------------------------|----------------------|----------------------|------------------------|
| Non-spendable | \$ 1,641,672 | \$ 1,366,754 | \$ (274,918) |
| Restricted | 1,692,533 | 1,681,333 | (11,200) |
| Committed | | | |
| Facilities Financing Plan * | 27,500,000 | 31,300,000 | 3,800,000 |
| Contingency Reserve | 18,895,125 | 21,841,467 | 2,946,342 |
| Recreation Reserves | 443,522 | 452,448 | 8,926 |
| Parking Reserves | 235,506 | 238,876 | 3,370 |
| Cable Franchise | 1,356,143 | 1,360,385 | 4,242 |
| Capital Reappropriations | 3,993,497 | 2,617,100 | (1,376,397) |
| Other Miscellaneous | 3,897,380 | 3,962,476 | 65,096 |
| Assigned | | | |
| PERS Rate Reserve | 5,000,000 | 5,000,000 | - |
| Change in FV of Investment | 707,200 | 369,235 | (337,965) |
| Neighborhood Revitalization | - | 650,000 | 650,000 |
| Tidelands Management | - | 200,000 | 200,000 |
| Marian Bergeson Pool Contribution | - | 330,000 | 330,000 |
| Airport Issues | - | 100,000 | 100,000 |
| MOD - Tree Replacement Program | - | 75,000 | 75,000 |
| Economic Development | - | 75,000 | 75,000 |
| Median Maintenance Program | - | 50,000 | 50,000 |
| Lower Newport Bay Dredging - Loan | - | 2,500,000 | 2,500,000 |
| Unassigned (Appropriations Reserve) | 16,795,288 | 20,508,581 | 3,713,293 |
| Pre FFP Transfer | 82,157,866 | 94,678,655 | 12,520,789 |
| FFP Transfer Out* | - | (31,300,000) * | (31,300,000) |
| Net General Fund Balance | \$ 82,157,866 | \$ 63,378,655 | \$ (18,779,211) |

*In FY 11 \$31.3 Million was transferred to separate Facilities Financing Plan Fund

OTHER UNRESTRICTED SIGNIFICANT CASH RESERVES

| | 2010 | Unaudited 2011 | Change |
|---------------------------------|----------------------|----------------------|------------------|
| Other Strategic Reserves | | | |
| Insurance Reserve | 21,534,586 | 21,473,510 | (61,076) |
| Compensated Absences | 1,841,034 | 2,286,093 | 445,059 |
| Equipment Maintenance | 17,068,462 | 18,513,368 | 1,444,906 |
| Total Assigned | \$ 40,444,082 | \$ 42,272,971 | 1,828,889 |

FACILITIES FINANCING PLAN RESERVE

Council Policy F-28 Facilities Replacement Program, approved in August 2009, establishes a long-term facilities financing plan (FFP) for the replacement of all General Fund supported facilities (Civic Center, Fire Stations, Police Stations and Parks). The FFP provides a consistent, level funding plan to minimize negative impacts on the General Fund in any given year, while also ensuring the City is able to maintain its high quality facilities. The City has been reserving these funds in a Facilities Replacement Reserve within the General Fund.

| FACILITIES FINANCING PLAN FUND | |
|---------------------------------------|--------------------|
| Beginning Balance 7/1/10 | \$ - |
| Revenues | |
| Transfer In from General Fund | 31,300,000 |
| Interest Income | 275,381 |
| Total Revenues | 31,575,381 |
| Expenditures | |
| 2010 Civic Center COPs Debt Service | (682,755) |
| OASIS Construction | (5,027,920) |
| Total Expenditures | (5,710,675) |
| Ending Balance 6/30/11 | 25,864,706 |

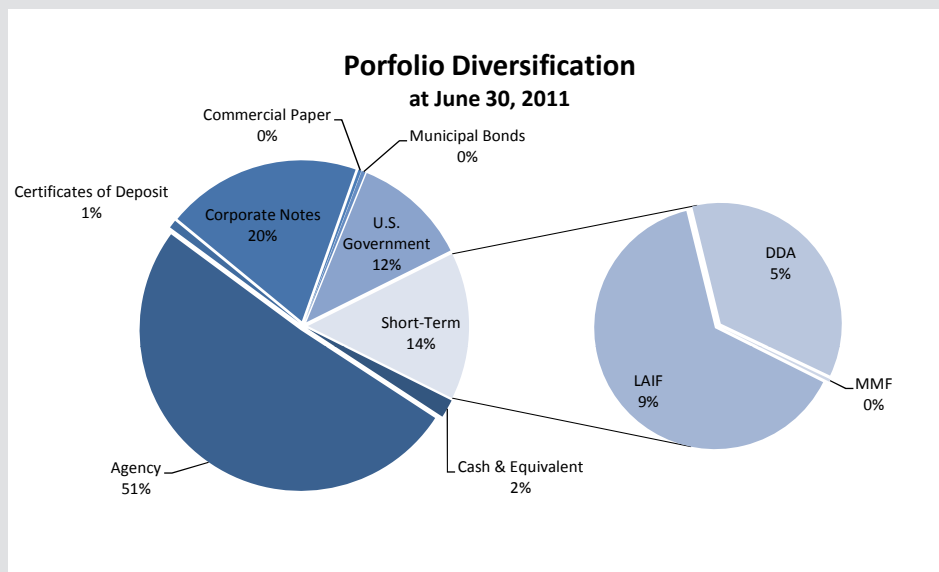
With the financing of the Civic Center Project and completion of the OASIS Senior Center, the City transferred \$31.3 million to a separate financing fund that will be used to accumulate resources to pre-fund debt service or cash fund construction of projects on the Facilities Replacement Plan. In FY 2010-11, \$5 million was used to cash fund the remaining balance of the completed OASIS Senior Center construction. After accounting for interest earnings and net debt service payments on the 2010 Civic Center bonds, the remaining FY 2010-11 FFP Reserve balance was \$25.5 million. The balance of the FFP Reserve has grown to more than \$33.5 million after a major developer contribution dedicated to the facilities plan was received during FY 2011-12.

SPECIAL NOTE: The FFP was the winner of the prestigious "Helen Putnam Award – Internal Administration category" from the League of California Cities in 2008.

DEPARTMENT EXPENDITURE PERFORMANCE

| Department | FY 11 Original Budget | FY 2010-11 | | | | FY 2009-2010 | |
|---------------------------|-----------------------|-----------------------|-----------------------|--------------------------|---------------------|----------------------------------|--------------------|
| | | Amended Budget | Unaudited Actual | Encumbrances Outstanding | Balance | Actual Expense Plus Encumbrances | YOY Difference |
| City Council | \$ 1,044,410 | \$ 1,157,154 | \$ 1,138,753 | \$ 11,979 | \$ 6,422 | \$ 1,172,962 | \$ (22,230) |
| City Clerk | 492,538 | 501,377 | 453,521 | - | 47,856 | 383,833 | 69,688 |
| City Manager | 2,437,018 | 2,442,047 | 2,058,404 | 62,599 | 321,044 | 2,088,159 | 32,843 |
| Human Resources | 2,292,046 | 2,358,430 | 2,165,106 | 14,886 | 178,438 | 2,366,541 | (186,549) |
| City Attorney | 2,348,842 | 2,657,045 | 2,724,204 | 9,886 | (77,045) | 2,698,103 | 35,987 |
| Administrative Svcs | 7,775,976 | 7,868,950 | 7,812,204 | 37,265 | 19,480 | 7,503,455 | 346,015 |
| Police | 42,823,171 | 43,628,670 | 41,402,375 | 314,658 | 1,911,637 | 43,749,454 | (2,032,422) |
| Fire | 34,055,183 | 34,604,933 | 33,228,362 | 114,907 | 1,261,664 | 33,544,917 | (201,648) |
| Planning | 3,005,540 | 3,286,618 | 2,870,470 | 92,061 | 324,087 | 3,438,823 | (476,292) |
| Building | 4,237,603 | 4,356,217 | 4,256,870 | 8,790 | 90,556 | 4,411,041 | (145,380) |
| General Services | 22,034,946 | 22,331,234 | 20,794,708 | 198,184 | 1,338,342 | 22,244,235 | (1,251,343) |
| Library | 6,472,808 | 7,242,289 | 6,581,788 | 16,411 | 644,090 | 6,575,684 | 22,515 |
| Recreation | 7,590,671 | 7,823,449 | 7,222,603 | 73,931 | 526,915 | 6,614,056 | 682,479 |
| Public Works | 5,550,535 | 5,985,842 | 5,573,782 | 127,471 | 284,590 | 5,822,508 | (121,256) |
| Utilities | 1,307,491 | 1,346,771 | 1,170,070 | 21,473 | 155,227 | 1,187,794 | 3,749 |
| C.I.P. | 5,054,497 | 3,675,468 | 1,982,787 | 1,028,992 | 663,689 | 8,041,777 | (5,029,998) |
| OPEB | 2,128,000 | - | - | - | - | - | - |
| Debt Service | 780,000 | 780,000 | 765,000 | - | 15,000 | - | 765,000 |
| Total Expenditures | \$ 151,431,275 | \$ 152,046,494 | \$ 142,201,007 | \$ 2,133,493 | \$ 7,711,994 | \$ 151,843,343 | (7,508,842) |

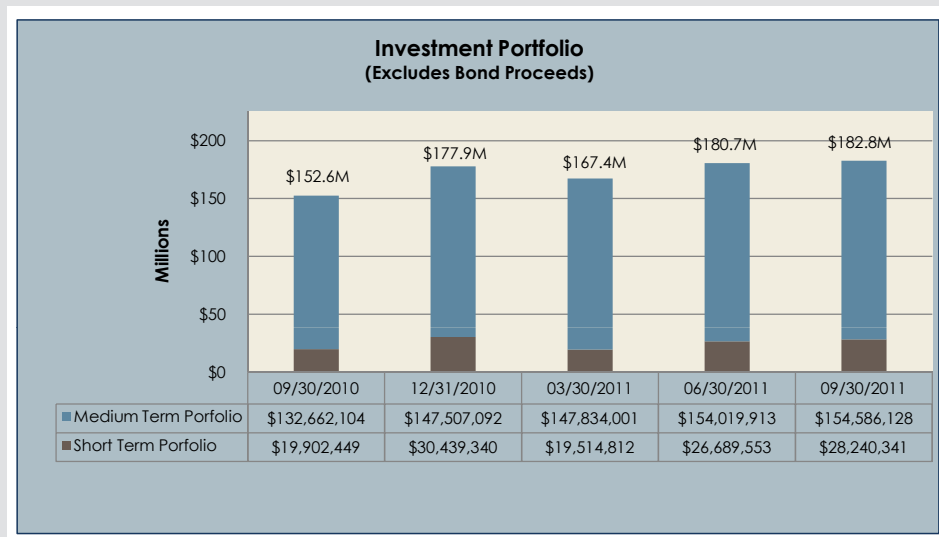
Treasury Summary



Portfolios Acronyms Defined – Local Agency Investment Funds (LAIF), Demand Deposit Accounts (DDA), Money Market Funds (MMF)

Council Policy F-1 Statement of Investment Policy identifies that our overall investment objectives for the City's Investment portfolio is safety, liquidity and yield. With respect to safety, we attempt to mitigate credit risk by maintaining a portfolio of high quality investments diversified by sector and issuer. We attempt to mitigate market risk by limiting and diversifying average life duration and final maturity of investments. We achieve liquidity by anticipating cash flows, purchasing securities with staggered maturity dates to meet our cash flows and limiting our investment choices to those securities that have an active secondary market. With safety and liquidity as our primary investment objectives, we then strive to achieve a reasonable rate of return relative to the risks being assumed.

Although in the last year the City has completed some additional streamlining and has significantly improved the reporting and transparency of the investment program, Treasury Management was effectively outsourced by the City in the early nineties. The City currently employs three professional investment advisors to manage the medium term component of the treasury portfolio. With an operating portfolio exceeding \$180 million, and divided staff time, using outside professional investment advisors has been a successful strategy for the City.



PORTFOLIO CHARACTERISTICS

| | | |
|---------------------------------|-------------|-----------|
| Duration | 1.507 | 1.708 |
| Weighted Avg Life | 1.615 | 1.784 |
| Weighted Avg Maturity | 1.856 | 2.027 |
| Weighted Avg Effective Maturity | 1.552 | 1.768 |
| Yield to Maturity at Market | 0.609% | 0.672% |
| Yield to Maturity at Cost | 1.388% | 1.306% |
| Avg Credit Rating | AA+/Aa1/AA+ | AA/Aa2/AA |

While the investment portfolio grew slightly over \$30 million during the course of the fiscal year, treasury yields hit all-time lows due to federal quantitative easing policies, sovereign debt issues home and abroad, and the S&P downgrade of US debt and related securities. Ironically, in a flight to quality, investors poured into US Treasuries, the very security that was downgraded. Consequently, the influx of cash flow into treasuries brought treasury yields down even further. The Federal Reserve policy has vowed to keep the short-term Fed funds rate between 0-.25% through mid 2013. The latest Federal Reserve policy to twist the yield curve is intended to also keep long-term interest rates in a further attempt to stimulate the economy.

TREASURY YIELDS

| Quarter Ending | 3 Month | 1 Year | 2 Year | 3 Year | 5 Year |
|----------------|---------|--------|--------|--------|--------|
| 09/30/2010 | 0.16% | 0.27% | 0.42% | 0.64% | 1.27% |
| 12/31/2010 | 0.12% | 0.29% | 0.61% | 1.02% | 2.01% |
| 03/31/2011 | 0.09% | 0.30% | 0.80% | 1.29% | 2.24% |
| 06/30/2011 | 0.03% | 0.19% | 0.45% | 0.81% | 1.76% |
| 09/30/2011 | 0.02% | 0.13% | 0.25% | 0.42% | 0.96% |

Consequently, fixed income yields are currently very low as illustrated by the summary of Treasury yields depicted above.

The total return on the investment is also trending lower from a historical perspective as illustrated by the Portfolio Performance chart below.

PORTFOLIO PERFORMANCE

As of June 30, 2011

| | 1 Year | 3 Year | 5 Year |
|-----------|--------|--------|--------|
| Benchmark | 1.35% | 2.76% | 4.04% |
| Manager: | | | |
| Chandler | 1.84% | 3.62% | 4.60% |
| PFM | 1.77% | 3.53% | 4.58% |
| Cutwater | 0.98% | 2.97% | 4.16% |

Complete detailed Treasury reports are available online at www.newportbeachca.gov/treasury.

CalPERS Pension

CALPERS PENSION

Public pension contribution rates have been the topic of much debate for more than a decade. Due to a string of successful years in the equities markets, many pension plans, were at their peak funded status in the late nineties. In fact, in 1998, the Newport Beach CalPERS Miscellaneous employee pension plan was funded at 142.5% of accrued pension liability while the Safety plan was funded at 117.1% of accrued pension liability, on a market value basis. Unfortunately, in the wake of the dot com crash, the good fortune in the equities markets did not continue. CalPERS did not meet their expected earnings rates in 2001, 2002 and 2003 and then again suffered massive equities losses in 2008 and 2009. Poor investment performance combined with increase pension benefits lead to the current pension problems today. Based on our June 30, 2010, actuarial valuation (used to set contribution rates for 2012-13) the funded-status of our pension plans has dropped to 63.8% for the Miscellaneous Plan and 58.4% for the Safety plan. The combined unfunded liability totals nearly \$150 million on an actuarial value basis and over \$250 million on a market value basis.

While not alone in this dilemma, the Newport Beach City Council has identified pension reform as one of its top priorities in 2011 and is an integral part of the City's 15-point Fiscal Sustainability Plan. Newport Beach is addressing this issue by seeking increased employee contributions to the pension plan, seeking lower benefit tiers and restructuring departments to achieve greater efficiencies. Already, the City has reached agreement with Miscellaneous employees for an 8% employee contribution.

NEW ACCOUNTING STANDARD PROPOSED FOR PENSION ACCOUNTING

In June 2010, the Governmental Accounting Standards Board (GASB) released a new accounting exposure draft intended to improve the visibility and quality of pension information contained in governmental financial statements.

In summary, if the exposure draft is approved, the City would be required to record a liability on its Government Wide balance sheet associated with the unfunded liability mentioned above. The City would be required to record accrued pension costs in a defined manner which may differ significantly from our actuarial funding schedule. The accounting standard may limit both the discount rate used to measure future liabilities and the amortization period in which actuarial gains and losses can be amortized. The cumulative impact of the proposed standard would significantly accelerate the recognition and volatility of pension expenses.

While this standard is still in draft form, if approved, the new pension reporting standard will have some significant impacts on future pension financial reporting and has not been universally embraced. A coalition of 21 issuers, public pension and professional associations submitted a joint two-page comment letter, stating the draft represents "radical departure from long-held practice" and the proposal would significantly alter how state and local governments account for pension benefits and create "much confusion." Collectively, the groups – including the Government Finance Officers Association (GFOA), the National League of Cities and the U.S. Conference of Mayors – said GASB should "clearly and specifically articulate" that the new accounting measures are not based on, and should not be used for, government pension funding and budgeting. Separately, the GFOA submitted a comment letter saying it "adamantly opposes" the Board's proposal to "abandon" the annual required contribution (ARC) as the basis for measuring pension cost. Such a move "would mark a major step backward," the GFOA said. In particular, the group noted, "the unfunded actuarial accrued liability is simply too volatile to display as a liability on the face of the financial statements." The GFOA also said there was no "cause to jettison" the ARC "in favor of an alternative approach that promises little in the way of information of practical use to actual public-sector decision makers."

Finance staff has met with CalPERS Chief actuary Allan Milligan and other cities and actuaries to discuss the potential impacts of the exposure draft if implemented. The final rules are slated for release in June 2012. Staff will keep the Council apprised of future changes to the status of this exposure draft.

PERS FUNDING STATUS & RATE TREND

| Valuation Date | Accrued Liability (Millions) | Unfunded Liability - AVA Basis (Millions) | Unfunded Liability - MVA Basis (Millions) | Funded Status | | Fiscal Year | Employee Rate(4) | Employer Rate(4) | Combined Contribution Rate(4) | Annual Covered Payroll (Millions) |
|----------------|------------------------------|---|---|---------------|---------|-------------|------------------|------------------|-------------------------------|-----------------------------------|
| | | | | AVA(1) | MVA(2) | | | | | |
| Misc Plan | | | | | | | | | | |
| 1998 | \$ 81.7 | \$ (25.9) | \$ (37.8) | 131.70% | 146.30% | 2001 | 7.00% | 0.00% | 7.00% | \$ 26.87 |
| 1999 | \$ 94.3 | \$ (31.2) | \$ (39.5) | 133.00% | 141.80% | 2002 | 7.00% | 0.00% | 7.00% | \$ 29.91 |
| 2000 | \$ 101.4 | \$ (35.7) | \$ (43.0) | 135.20% | 142.50% | 2003 | 7.00% | 0.00% | 7.00% | \$ 31.59 |
| 2001 | \$ 110.3 | \$ (30.9) | \$ (21.4) | 128.00% | 119.40% | 2004 | 7.00% | 0.00% | 7.00% | \$ 34.08 |
| 2002 | \$ 120.0 | \$ (12.5) | \$ (0.5) | 110.40% | 100.40% | 2005 | 7.00% | 4.33% | 11.33% | \$ 34.22 |
| 2003 | \$ 140.0 | \$ 5.8 | \$ 18.1 | 95.80% | 87.10% | 2006 | 7.00% | 9.48% | 16.48% | \$ 37.22 |
| 2004 | \$ 151.3 | \$ 10.3 | \$ 12.6 | 93.20% | 91.70% | 2007 | 7.00% | 9.13% | 16.13% | \$ 36.80 |
| 2005 | \$ 161.4 | \$ 10.6 | \$ 6.3 | 93.40% | 96.10% | 2008 | 7.00% | 8.69% | 15.69% | \$ 41.15 |
| 2006 | \$ 183.7 | \$ 20.5 | \$ 10.6 | 88.80% | 94.20% | 2009 | 8.00% | 11.48% | 19.48% | \$ 42.89 |
| 2007 | \$ 192.2 | \$ 13.6 | \$ (14.8) | 92.90% | 107.70% | 2010 | 8.00% | 10.15% | 18.15% | \$ 40.59 |
| 2008 | \$ 217.4 | \$ 21.4 | \$ 17.6 | 90.10% | 91.90% | 2011 | 8.00% | 10.83% | 18.83% | N/A |
| 2009 | \$ 249.7 | \$ 41.9 | \$ 97.0 | 83.20% | 61.10% | 2012 | 8.00% | 14.63% | 22.63% | N/A |
| 2010 | \$ 269.5 | \$ 51.2 | \$ 97.5 | 81.00% | 63.80% | 2013 | 8.00% | 16.40% | 24.40% | N/A |
| 2011(3) | N/A | N/A | N/A | N/A | N/A | 2014(5) | 8.00% | 16.70% | 24.70% | N/A |
| 2012(3) | N/A | N/A | N/A | N/A | N/A | 2015(5) | 8.00% | 16.90% | 24.90% | N/A |
| Safety Plan | | | | | | | | | | |
| 1998 | \$ 137.0 | \$ (7.4) | \$ (23.4) | 105.40% | 117.10% | 2001 | 9.00% | 5.66% | 14.66% | \$ 18.82 |
| 1999 | \$ 157.3 | \$ (13.1) | \$ (24.2) | 108.30% | 115.40% | 2002 | 9.00% | 5.15% | 14.15% | \$ 18.76 |
| 2000 | \$ 178.5 | \$ (9.3) | \$ (19.1) | 105.20% | 110.70% | 2003 | 9.00% | 8.70% | 17.70% | \$ 21.43 |
| 2001 | \$ 197.3 | \$ 2.1 | \$ 15.4 | 98.90% | 92.20% | 2004 | 9.00% | 17.58% | 26.58% | \$ 21.82 |
| 2002 | \$ 212.7 | \$ 28.5 | \$ 45.3 | 86.60% | 78.70% | 2005 | 9.00% | 26.10% | 35.10% | \$ 22.96 |
| 2003 | \$ 229.2 | \$ 40.8 | \$ 57.9 | 82.20% | 74.70% | 2006 | 9.00% | 26.70% | 35.70% | \$ 26.05 |
| 2004 | \$ 250.6 | \$ 49.8 | \$ 52.9 | 80.10% | 78.90% | 2007 | 9.00% | 25.45% | 34.45% | \$ 25.03 |
| 2005 | \$ 267.2 | \$ 51.3 | \$ 44.9 | 80.80% | 83.20% | 2008 | 9.00% | 26.10% | 35.10% | \$ 28.06 |
| 2006 | \$ 296.5 | \$ 64.7 | \$ 50.0 | 78.20% | 83.10% | 2009 | 9.00% | 29.67% | 38.67% | \$ 30.25 |
| 2007 | \$ 308.6 | \$ 58.5 | \$ 16.5 | 81.00% | 94.70% | 2010 | 9.00% | 28.76% | 37.76% | \$ 29.76 |
| 2008 | \$ 336.1 | \$ 71.4 | \$ 64.0 | 78.70% | 81.00% | 2011 | 9.00% | 30.20% | 39.20% | N/A |
| 2009 | \$ 366.9 | \$ 92.3 | \$ 165.9 | 74.90% | 54.80% | 2012 | 9.00% | 35.03% | 44.03% | N/A |
| 2010 | \$ 382.3 | \$ 97.7 | \$ 159.0 | 74.40% | 58.40% | 2013 | 9.00% | 35.93% | 44.93% | N/A |
| 2011(3) | N/A | N/A | N/A | N/A | N/A | 2014(5) | 9.00% | 36.30% | 45.30% | N/A |
| 2012(3) | N/A | N/A | N/A | N/A | N/A | 2015(5) | 9.00% | 36.60% | 45.60% | N/A |

1. Funded Status based on plan Assets calculated on an Actuarial Value basis.
2. Funded Status based on plan Assets calculated on a Market Value basis.
3. Funded status not available for these years
4. Rates reflect the total contribution rates required by the plans irrespective of current employee paid member contributions and or negotiated cost sharing agreements.
5. Projected by PERS Actuaries
6. Projected by PERS Actuaries

2011-12 Revenue “Here and Now”

As the first quarter comes to a close we review the early results of the new fiscal year. Although it is generally too early to make any substantive assessments, we do have our first analysis for the year ahead and as expected it is trending slightly higher than last fiscal year.

GENERAL FUND 1ST QUARTER REVENUE COMPARISON CHART

| | Revenues through 9/30 | | \$ Change | % Change |
|-------------------------|-----------------------|--------------|------------|----------|
| | 2011 | 2012 | | |
| General Fund Revenues: | | | | |
| Property Taxes | \$ 2,403,202 | \$ 2,397,266 | \$ (5,936) | -0.25% |
| Sales Taxes | 1,133,897 | 1,227,287 | 93,390 | 8.24% |
| Transient occupancy Tax | 3,211,861 | 3,485,041 | 273,180 | 8.51% |
| Business Licenses | 976,209 | 977,749 | 1,540 | 0.16% |
| Franchises | 219,063 | 224,963 | 5,900 | 2.69% |
| Community Development | 1,211,601 | 1,306,922 | 95,322 | 7.87% |
| Recreation | 1,875,548 | 2,335,379 | 459,832 | 24.52% |
| Other | 5,783,900 | 6,704,189 | 920,290 | 15.91% |
| Total GF Revenues | 16,815,280 | 18,658,797 | 1,843,517 | 10.96% |

PROPERTY TAX

Property tax collections to date only represent the remittance of supplemental taxes and prior taxes and penalties. The first remittance of secured taxes is not scheduled until November 9, 2011. However, the City of Newport Beach has experienced positive assessed value (AV) growth even through the toughest economic times. After meeting with the County Assessor's Office, we had expected a slight decrease due to a -.25% CPI adjustment in FY 2010-11. In reality we experienced a +.25% CPI adjustment and then exceeded budget by an additional 1% above that. Homes in Newport Beach take longer to sell than most other California cities, approximately eight months on average, but sell for a higher median price, \$1.3 million.

Secured property tax grew by +1.27% reflecting a +.75% CPI adjustment, due to new construction in the Fashion Island area and net reassessments from property sales and or assessment appeals. Unsecured property taxes (e.g. business equipment and boats) decreased by -4.31%. The net result is that the overall property tax levy, as of September 30, 2011, grew by +1.03% compared to FY 2010-11.

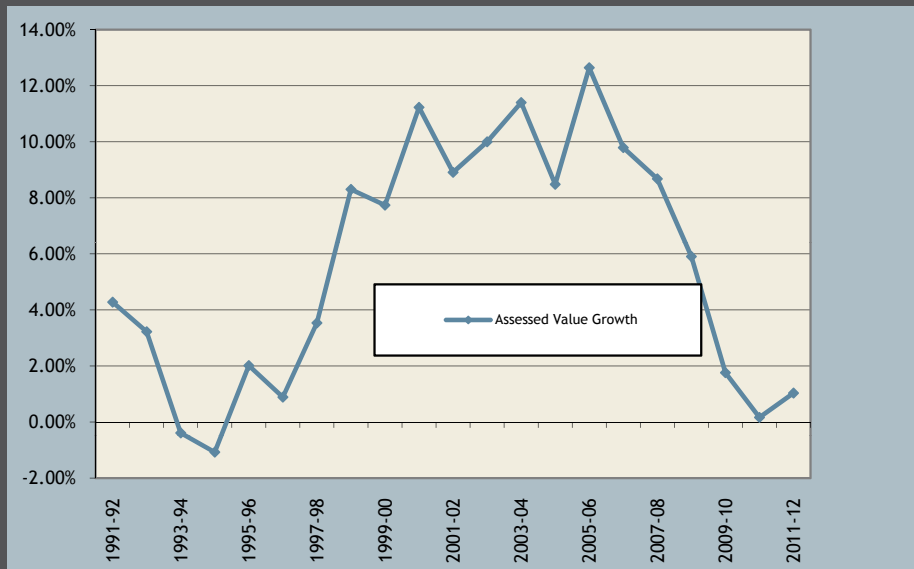
PROPERTY TAX ASSESSED VALUATION (AV)

| | 2011-2012 | 2010-2011 | Change in AV | % Change |
|-----------|----------------|----------------|--------------|----------|
| Secured | 37,550,412,836 | 37,080,217,275 | 470,195,561 | 1.27% |
| Unsecured | 1,556,752,313 | 1,626,947,910 | (70,195,597) | -4.31% |
| Total AV | 39,107,165,149 | 38,707,165,185 | 399,999,964 | 1.03% |

The levy tends to change during the course of the year as supplemental adjustments to the tax roll occur. We will continue to monitor the levy throughout the year and report back quarterly through the City Manager's Quarterly Business Report (QBR).

While the current AV growth is only 1.03%, well below long-term historical averages, the City is encouraged that the housing market appears to have stabilized after several years of sharp declines. By comparison to the current growth rate of 1.03%, the ten-year average annual AV growth trend is 7.16% while the twenty-year average annual AV growth totals 5.64%.

20 YEAR PROPERTY TAX ASSESSED VALUE GROWTH



SALES TAXES

Sales tax collections to date only represent a State advance for the July 2011 reporting period. Generally, consumer spending has come back from the depths of the recession, but recent activity has been at a mild to moderate pace. Activity is still far short of the heights of the previous economic expansion as the weak job market, economic uncertainty and high energy prices and housing equity issues restrain consumer spending. As a result, we believe consumer sentiment and spending patterns will be fragile. Newport Beach continues to improve in the areas of restaurants and high end auto sales. We built in a minimal sales tax increase over fiscal year 2010-11 of 4% and with this first quarter we appear to be on track to meet budget in this revenue area.

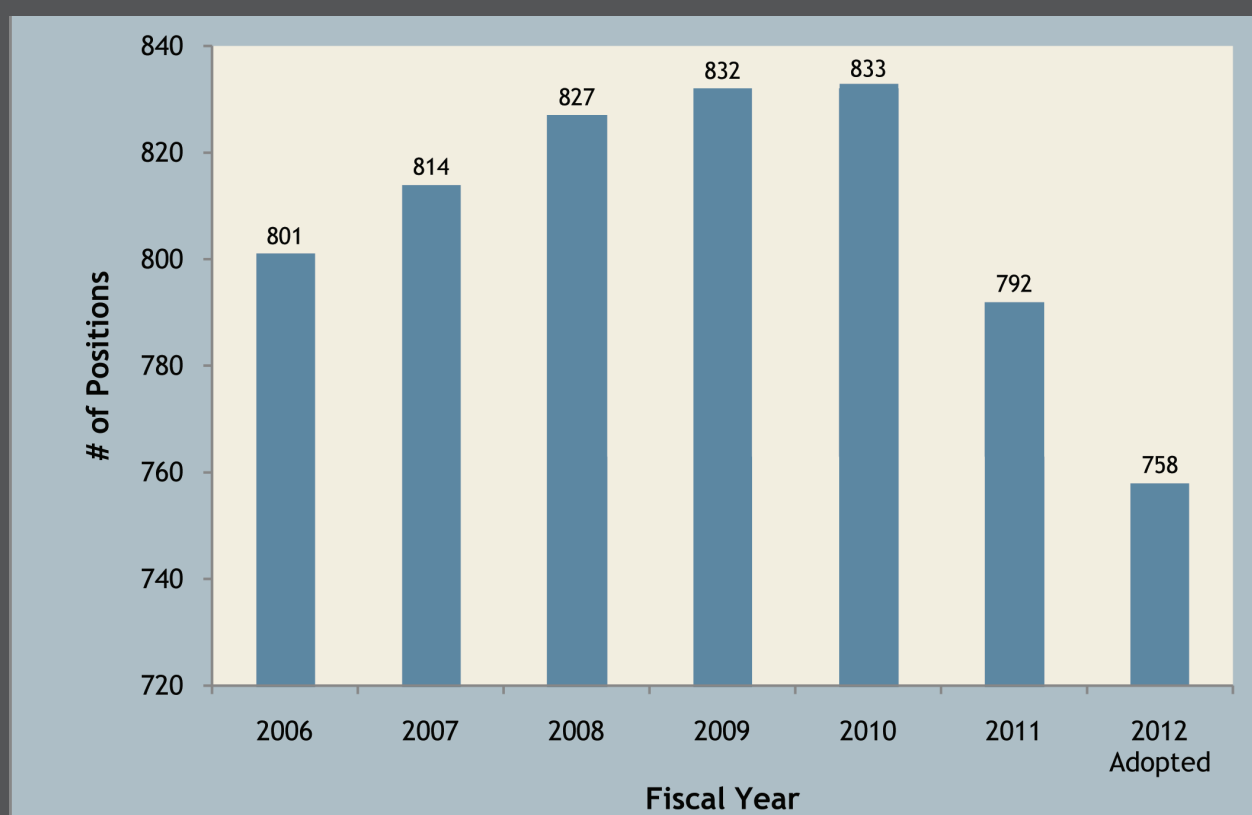
TRANSIENT OCCUPANCY TAXES

Hotel and residential Transient Occupancy Taxes (TOT) exceeded budget by 15% during fiscal year 2010-11. Even with the continued economic uncertainty, Newport Beach hotels were improving over the previous double dip declines experienced during 2008 and 2009. Expecting this positive gain to maintain during the new fiscal year, we built in a 10% increase to the FY 2011-12 budget compared to FY 2010-11. After the first quarter receipts, we are trending to meet budget with \$3.8 million in early collections compared to \$3.6 million for the same quarter last year.

RECREATION PROGRAMS

For the quarter, recreation revenues are up over the prior year due for two primary reasons. The OASIS Senior Center facility did not officially reopen until October of 2010 so Recreation revenues were artificially low in the prior year. Also, fee-based classes, including surfing, sailing and OASIS fitness center revenues are up significantly over the prior year. It is important to note that the increase in recreation revenues is a result of increased participation and not increased fees.

HISTORICAL FULL TIME POSITIONS



SMARTER, FASTER, SMALLER

The City has been very proactive in restructuring and making strategic cuts in department operations, striving to evolve into a smarter, faster, smaller local government. Through a combination of an early retirement plan, attrition, outsourcing and some lay-offs, the full-time work-force has been reduced nearly 10% as depicted in the chart above.

“STILL NOT DONE”

We have survived the recession, but it was not without hard choices and significant budget reductions. We have increased General Fund Reserves in keeping with our Fiscal Sustainability Plan, but as our City Manager has said, we continue to look forward. This includes addressing our rising pension costs, replacing outdated Information Technology (I.T.) infrastructure, continuing to work with our neighbors to share services where appropriate, and continuing to look for opportunities where it may make sense to contract out City services. Our City has made these hard choices with the support of our Council and we will continue to move forward to be a better organization.

OTHER COUNCIL COMMUNICATION

With respect to administrative procedures concerning Council Policy F-14, Authority to Contract for Services, Ocean Adventure Programs, Inc. (OAP) is an Independent Recreation Contractor for the City of Newport Beach with a contract that commenced on October 1, 2010 and expires on December 31, 2012.

Per OAP's contract, they offer youth classes & camps on a year-round basis that include programs in science, ocean safety, marine education, and surfing which are offered through the Newport Navigator brochure. The programs served 558 youth through September 31, 2011, in which the City paid OAP \$177,547 in user fees based on their contract terms.

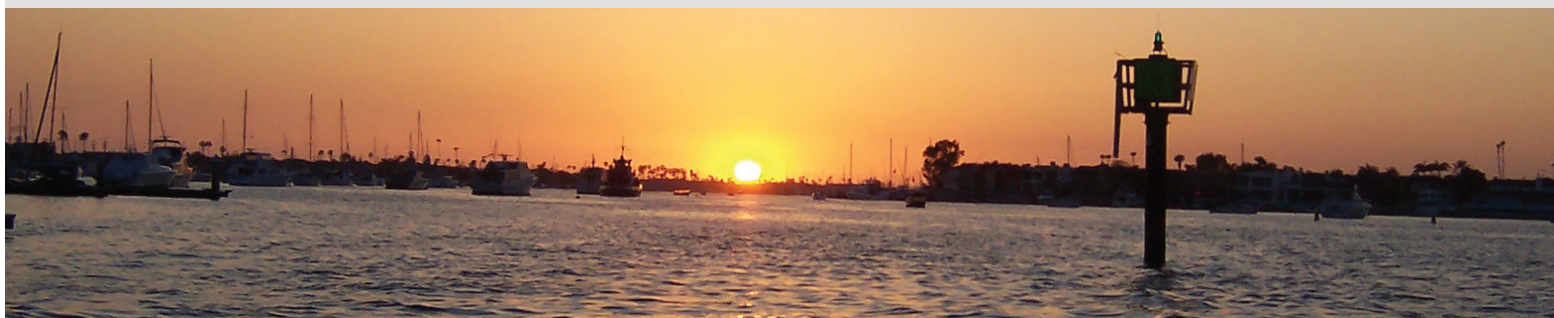


Boards, Commissions & Committees Report

city of newport beach | city manager's office

www.newportbeachca.gov | 949.644.3001

The City has 24 active Boards, Commissions and Committees which meet on a regular basis. The members of these groups dedicate many hours to ensure the missions and goals of the City Council are accomplished. Each group has City staff which supports these efforts in a variety of ways. The attached reports offer a reflective look at the current work of each group and the direction they are taking.



Board of Library Trustees

PURPOSE:

Appointed by the Newport Beach City Council, the Board of Library Trustees is a policy-making board responsible for the administration of City libraries. The Board considers the annual budget for library purposes during the process of its preparation and makes recommendations to the City Council and City Manager. The Board also approves or disapproves the appointment, suspension, or removal of the Library Services Director. Subject to the approval of the City Council, the Board accepts money, personal property, or real estate donated to the City for library purposes, and contracts with schools, county, or other governmental agencies to render or receive library services or facilities.

COMMITTEE AUTHORIZATION:

City Charter, Article VII, Section 708

COMMITTEE MEMBERS:

Lynn Crutchley (Chair), Stephanie Murguia, Jerry King, Jill Johnson-Tucker, Eleanor M. Palk

LENGTH OF TERM FOR MEMBERS:

The five members of the Board serve for a term of four years and until their respective successors are appointed and qualified. The terms are on a staggered basis.

FREQUENCY OF MEETINGS:

Monthly on the first Monday at the Central Library unless noticed otherwise.

STAFF LIAISON:

Cynthia Pulliam Cowell, MLS,
Library Services Director

STAFF SUPPORT:

Staff estimates approximately 16 hours a month are allocated to the Library Board.

QUARTERLY PROGRESS REPORT:

During the quarter, the Board:

- Held a public discussion on the status of the Balboa Branch.
- Amended the Board of Library Trustees By-Laws; instead of having two meetings on the first and third Tuesdays of each month, meetings will now be held on the first Monday of every month, commencing in FY 2011/12.
- Reviewed the Library's marketing efforts over the past year.

Building & Fire Board of Appeals

PURPOSE:

Determine the suitability of alternate materials and methods of construction; to provide for reasonable interpretations of the provisions of the Building and Fire Codes; to hear written appeals regarding the Chief Building Official's or Fire Marshal's determinations.

COMMITTEE AUTHORIZATION:

Uniform Administrative Code, Section 201 and NBMC 15.02.120

COMMITTEE MEMBERS:

Brion S. Jeannette (Chair), Robert W. Yant (Vice Chair), George Crall, James Anderson, Ernie Liske, Richard R. Luehrs, Stephen Sandland

LENGTH OF TERM FOR MEMBERS:

The seven members of the Board serve for a term of four years on a staggered basis.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Ron Gamble, Chief Fire Marshal
Seimone Jurjis, Chief Building Official

STAFF SUPPORT:

The Building and Fire Board of Appeals meets on an as needed basis. When the Board is called into session, staff estimates approximately six hours of staff time are allocated to each session. Costs for services are recovered by the payment of appeal application fees established by City Council resolution. If an item presented to the Board is staff generated, then no fees are recovered.

QUARTERLY PROGRESS REPORT:

The Board met on September 21, 2011, and ratified a new Structural Observation policy proposed by the Building Division.

City Arts Commission

PURPOSE:

Appointed by City Council, the City Arts Commission acts in an advisory capacity to the City Council in all matters pertaining to artistic, aesthetic and cultural aspects of the City. The City Arts Commission also recommends to the City Council the adoption of such ordinances, rules and regulations as it may deem necessary for the administration and preservation of fine arts, performing arts, historical, aesthetic and cultural aspects of the community. On behalf of the City, the Arts Commission actively encourages programs for the cultural enrichment of the community and performs such other duties relating to the arts as the City Council may require.

COMMITTEE AUTHORIZATION:

City Charter, Article VII, Section 712

COMMITTEE MEMBERS:

Robyn Grant (Chair), Robert Smith (Vice Chair), Rita Goldberg (Secretary), Carole Boller, Christopher Trela, Arlene Greer, Gilbert Lasky

LENGTH OF TERM FOR MEMBERS:

The seven members of the Board serve for a term of four years and until their respective successors are appointed and qualified. The terms are on a staggered basis.

FREQUENCY OF MEETINGS:

Monthly on the second Thursday at the Central Library unless noticed otherwise.

STAFF LIAISON:

Jana Barbier, Cultural Arts Coordinator

STAFF SUPPORT:

Staff estimates approximately 40 hours a month are allocated to this Commission.

QUARTERLY PROGRESS REPORT:

During the quarter, the Arts Commission:

- Sponsored the production and performances of two Shakespearean Plays at Bonita Canyon Sports Park ("King Lear" and "Much Ado About Nothing").
- Approved art exhibitions at City Hall and two display areas at Central Library.
- Approved a museum tour for the public to the Norton Simon Museum in Pasadena.
- Sponsored the production and performance for one of two Concerts in the Parks this summer.
- Approved the administration of the City of Newport Beach Cultural Arts Grant Program funding opportunities for regional and local arts organizations.
- Considered several public art projects.

Civil Service Board

PURPOSE:

Advise the Council on personnel matters, recommend changes to the Civil Service System Rules and Regulations, conduct appeal hearings of City employees for disciplinary issues and launch personnel administration investigations for City employees covered by one of the Safety Bargaining Units (FFA, FMA, LMA, NBPA and PMA) and report its findings to City Council and Manager.

COMMITTEE AUTHORIZATION:

City Charter, Article VII, Sections 710 & 711

COMMITTEE MEMBERS:

Debra Allen (Chair), Douglas Coulter, James "Mickey" Dunlap (Vice Chair), Hugh Logan and Maigual Talbot

LENGTH OF TERM FOR MEMBERS:

The five members of the Board serve for a term of four years on a staggered basis.

FREQUENCY OF MEETINGS:

Monthly, on the 1st Monday

STAFF LIAISON:

Terri Cassidy, Human Resources Director / Secretary to the Board and Jyll Ramirez, Administrative Assistant to the HR Director

STAFF SUPPORT:

Staff estimates approximately 20-25 hours a month are allocated to this Board.

QUARTERLY PROGRESS REPORT:

In the past three years, the Civil Service Board has launched an investigation into the Police Department's Promotional Process at the request of the Police Management Association, conducted two employee appeal hearings, made recommendations to the Council/Charter Update Commission and approved numerous eligibility lists and recruitments.

Harbor Commission

PURPOSE:

The purpose of the Harbor Commission is to provide the City of Newport Beach with an advisory body representing the diverse uses of Newport Harbor and its waterfront.

- A. Advise the City Council in all matters pertaining to the use, control, operation, promotion and regulation of all vessels and watercraft within the Newport Harbor.
- B. Approve, conditionally approve, or disapprove applications on all harbor permits where the City of Newport Beach Municipal Code assigns the authority for the decision to the Harbor Commission.
- C. Serve as an appellate and reviewing body for decisions of the City Manager on harbor permits, leases, and other harbor-related administrative matters where the City of Newport Beach Municipal Code assigns such authority to the Harbor Commission.
- D. Advise the City Council on proposed harbor-related improvements.
- E. Advise the Planning Commission and City Council on land use and property development applications referred to the Harbor Commission by the City Council, Planning Commission, or the City Manager.
- F. Make recommendations to the City Council for the adoption of regulations and programs necessary for the ongoing implementation of the goals, objectives, and policies of the Harbor and Bay Element of the General Plan.

COMMITTEE AUTHORIZATION:

City Charter, Article VII, Section 702

COMMITTEE MEMBERS:

Duncan McIntosh, Ralph Rodheim, Brad Avery, Vincent Valdes, Doug West, Marshall Duffield, Karen Rhyne and City Council Liaison Nancy Gardner

LENGTH OF TERM FOR MEMBERS:

The seven members of the Commission serve for a term of four years on a staggered basis.

FREQUENCY OF MEETINGS:

Second Wednesday of each month.

STAFF LIAISON:

Chris Miller, Harbor Resources Manager
Shannon Levin, Harbor Resources Supervisor

STAFF SUPPORT:

Staff estimates approximately 25 hours per month are allocated to this Commission.

QUARTERLY PROGRESS REPORT:

During this quarter, the Commission:

- Welcomed Brad Avery as the newest Commissioner;
- Elected new officers for the following year;
- Approved an extension for the catamaran "Cheyenne" to moor in the harbor;
- Discussed and approved Harbor Commission goals for fiscal year 2011-12; and
- Reviewed various harbor related issues and projects including, Harbor Visioning, Harbor guide modifications, Rhine Channel dredging, Lower Bay dredging, Tidelands Management Committee, sea lions and sand replenishment.

Parks, Beaches & Recreation Commission

PURPOSE:

- A. Act in an advisory capacity to the City Council in all matters pertaining to parks, beaches, recreation, parkways and street trees.
- B. Consider the annual budget for parks, beaches, recreation, parkways and street tree purposes during the process of its preparation and make recommendations with respect there to to the City Council and the City Manager.
- C. Assist in the planning of parks and recreation programs for the inhabitants of the City, promote and stimulate public interest therein, and to that end solicit to the fullest extent possible the cooperation of school authorities and other public and private agencies interested therein.
- D. Establish policies for the acquisition, development and improvement of parks, beaches and playgrounds and for the planting, care and removal of trees and shrubs in all parks, playgrounds and streets, subject to the rights and powers of the City Council.

COMMITTEE AUTHORIZATION:

City Charter, Article VII, Section 709

COMMITTEE MEMBERS:

Phillip Lugar (Chair), Kathy Hamilton (Vice Chair), Tom Anderson, Ron Cole, Roy Englebrecht, Marie Marston and Jack Tingley

LENGTH OF TERM FOR MEMBERS:

The seven members of the Commission serve for a term of four years on a staggered basis.

FREQUENCY OF MEETINGS:

Monthly

STAFF LIAISON:

Laura Detweiler, Recreation & Senior Services
Director Mark Harmon, Municipal Operations
Director

STAFF SUPPORT:

Staff estimates approximately 57 hours per month are allocated to this Commission. This includes staff from the Recreation & Senior Services Department and the Municipal Operations Department.

QUARTERLY PROGRESS REPORT:

Items the Parks, Beaches and Recreation Commission considered in the last quarter include:

- Election of Officers – Phil Lugar (Chair), Kathy Hamilton (Vice Chair)
- Two (2) Bench donations- approved
- Newport Mesa Soccer Club request for temporary lights at Bonita Canyon Park- approved
- City Council Policy G-1-Retention or Removal of City Trees revision- approved and forwarded to Council for final approval

Projected Tasks:

- Dog nuisance dispenser donation
- Reforestation request
- Appointment of Beach Fire Rings Sub-Committee
- Review of the Blue Gum Eucalyptus trees on Fourth Avenue in Corona del Mar
- Review of bench donation program

Planning Commission

PURPOSE:

The Planning Commission has the following duties as established by the City Charter:

- A. After a public hearing thereon, recommended to the City Council the adoption, amendment or repeal of a Master Plan, or any part thereof, for the physical development of the City;
- B. Exercise such control over land subdivisions as is granted to it by ordinance not inconsistent with the provisions of the Charter;
- C. Make recommendations to the City Council concerning proposed public works and for the clearance and rebuilding of blighted or substandard areas within the City; and
- D. Exercise such functions with respect to zoning and land use as may be prescribed by ordinance not inconsistent with the provisions the Charter.

COMMITTEE AUTHORIZATION:

City Charter, Article VII, Sections 706/707

COMMITTEE MEMBERS:

Charles Unsworth (Chairman), Michael Toerge (Vice Chairman), Bradley Hillgren (Secretary), Fred Ameri, Robert Hawkins, Kory Kramer, and Jay Meyers

LENGTH OF TERM FOR MEMBERS:

Four years

FREQUENCY OF MEETINGS:

Twice per month

STAFF LIAISON:

Kimberly Brandt, Community Development Director

STAFF SUPPORT:

Staff estimates approximately 25 hours per month are allocated to this Commission.

QUARTERLY PROGRESS REPORT:

The Planning Commission met five times and held a combined 14 public hearings. Other actions included welcoming Commissioners Kory Kramer and Jay Myers who replaced long time Commissioners Barry Eaton and Earl McDaniel and the election of officers: Charles Unsworth (Chair), Michael Toerge (Vice Chair), and Bradley Hillgren (Secretary).

The 14 public hearings included the following:

- Applications (discretionary projects) approved: six
- Applications (legislative) recommended to the City Council for approval: four
- Appeals of Zoning Administrator decisions: one (ZA approval was reversed)
- Applications denied: one
- Continued public hearings: two (Golf Fund Realty and Newport Beach Country Club applications)

Projected Tasks:

- Continuation of Golf Fund Realty and Newport Beach Country Club public hearings and recommendations to City Council
- Housing Element public hearing and recommendation to City Council
- Newport Banning Ranch Study Session

City Council Redistricting Committee

PURPOSE:

Realign City Council District Boundaries to represent an even population distribution per the latest Census 2010 data.

COMMITTEE AUTHORIZATION:

Resolution 2011-42

COMMITTEE MEMBERS:

Council Member Rosansky (Chair), Mayor Pro Tem Gardner & Council Member Curry

LENGTH OF TERM FOR MEMBERS:

The Committee automatically sunsets upon the adoption of a City Council ordinance confirming, changing, or refining the boundaries of any or all of the seven City Council Districts.

FREQUENCY OF MEETINGS

As Needed

STAFF LIAISON:

Patrick Alford, Planning Manager
Dan Campagnolo, Systems & Admin. Manager

STAFF SUPPORT:

Staff estimates approximately 60 hours were allocated to this Committee.

QUARTERLY PROGRESS REPORT:

The City Council Redistricting Committee held its final meeting on August 4, 2011, and made recommended changes to the boundaries of the City Council Districts.

The City Council held a study session on the Committee's recommendation on September 27, 2011.

Finance Committee

PURPOSE:

Responsible for fiscal governance, the Finance Committee reviews and monitors events and issues which may affect the financial status of the City and oversees adherence to the 15-Point Fiscal Sustainability Plan.

COMMITTEE AUTHORIZATION:

Established by Resolution 94-110 and amended from time-to-time.

COMMITTEE MEMBERS:

Council Member Keith Curry (Chair), Council Member Leslie Daigle and Mayor Mike Henn

LENGTH OF TERM FOR MEMBERS:

Pursuant to Council Policy A-9, the Mayor makes annual appointments, subject to Council confirmation. There is no limit on the term Council Members may serve on the Finance Committee.

FREQUENCY OF MEETINGS:

Monthly

STAFF LIAISON:

Tracy McCraner, Finance Director

STAFF SUPPORT:

Staff estimates approximately 106 hours per month are allocated to this Committee. (It should be noted that the majority of the materials and reports provided to the Finance Committee are typical financial reports that would need to be produced and reviewed regardless of the Finance Committee's existence.)

QUARTERLY PROGRESS REPORT:

Responsible for regular monitoring of events and issues which may affect the financial status of the City, the Finance Committee was updated on the implementation of the parking meter and enforcement program outsourced to Central Parking Systems, Inc. (CPS). CPS has had a successful implementation. Parking meter revenues for the first three months increased more than 30% compared to the same time last year. They also upgraded more than the expected 1,600 meters before the Memorial weekend deadline.

Fiscal governance being a responsibility of the Finance Committee, the preliminary 6/30/11 Treasurer's Report on the City's investment portfolio performance by the three investment advisors was reviewed as well as the preliminary year-end budget projections for fiscal year 2010-11.

The Finance Director reported on assessed valuation growth in Newport Beach; presented an annual status review of Internal Service Fund reserve levels which included recommendations for adjustment to funds that were over and or underfunded; and updated the Committee on fiscal year 2010-11 General Fund and Facilities Financing Fund balances and reserves. Reserves in these major funds were estimated to increase \$5 million during the July 2011 meeting; however, this projection increased to approximately \$10 million by September 2011. The September totals were inclusive of all year-end accruals and post closing adjustments made for the financial statement audit. This June 30, 2011 audit should be complete by December 2011 and fund balances will not be final until then.

Prior to proceeding to Council for approval, the Finance Committee was briefed on recommended updates to the master fee schedule consistent with market rate charges for City provided services and market rate fees for utilization of City owned assets. The four departments identified for study during this year were Finance, Municipal Operations, Recreation and Library. The Master Fee Schedule is slated to go before full Council on November 8.

Citizens Bicycle Safety Committee

PURPOSE:

Promote bicycle safety and responsible cycling within the City through public outreach, bicycle facility improvements, and review of City policies and practices related to bicycles.

COMMITTEE AUTHORIZATION:

Resolution 2010-99

COMMITTEE MEMBERS:

Mayor Pro Tem Nancy Gardner (Chair), Thomas Croxton, Barbara Danzi, John Heffernan, Sean Matsler, Denis LaBonge, Anthony Petros, Stephen Sholkoff

LENGTH OF TERM FOR MEMBERS:

The seven members of the Committee serve for a term of one year.

FREQUENCY OF MEETINGS:

Monthly

STAFF LIAISON:

Steve Badum, Public Works Director
Brad Sommers, Senior Civil Engineer

STAFF SUPPORT:

The committee has a budget of \$50,000 for bicycle safety improvement projects. Staff from the Public Works Department, GIS Division and Police Department estimates approximately 50-100 hours per month are allocated to this Committee. In addition, this quarter the Police Department's Traffic Division conducted two bicycle safety operations for a total of 30 hours.

QUARTERLY PROGRESS REPORT:

To date, City staff with the assistance of the Bicycle Committee has completed the following:

- Launched Bicycle Facilities and Information website including the Draft Bicycle Map, safety guidelines and a link for comments and questions;
- Prepared plans and solicited bids for an informal contract for the construction of bicycle facility improvements on Coast Highway, Bonita Canyon, and Newport Coast Drive;
- Prepared conceptual plans for a Sharrow program on Coast Highway through Corona del Mar;
- Prepared construction plans for alternate bike routes through Corona del Mar;
- Deployed Sharrow pavement markings as a pilot program along Bayside Drive;
- Deployed SHARE THE ROAD and WATCH DOWN HILL SPEED warning signs in Corona del Mar and Newport Coast;
- Prepared/distributed Safety Guidelines for Bicyclists and Motorists pamphlet; and
- Prepared/distributed letter to associations regarding maintenance/parking practices in bicycle lanes.

Coastal/Bay & Water Quality Committee

PURPOSE:

The Committee advises and makes recommendations to the City Council on water quality/water conservation policies, projects and programs that will achieve the Committee's mission and the City Council's priorities:

- Educate the watershed's population about the value of Newport Bay and the ocean;
- Enforce and/or strengthen existing regulations on actions that impair water quality or wildlife habitat;
- Advocate for policies, programs and projects that improve the water quality of Newport Bay and the ocean;
- Oppose policies, programs or projects that detract from good water quality in the Newport Bay watershed and the ocean; and
- Develop, fund, and monitor water quality initiatives, including testing and structural projects, that meet the Committee's mission.

COMMITTEE AUTHORIZATION:

Resolution 2003-63

COMMITTEE MEMBERS:

Mayor Pro Tem Nancy Gardner (Chair), Council Member Edward Selich (Vice Chair), Mayor Michael Henn, Roberta Jorgensen, Jim Miller, George Drayton, Randy Seton, Tom Houston, Janet Rappaport, Dennis Baker

LENGTH OF TERM FOR MEMBERS:

The two Council Members and seven citizen members serve for a term of four years for one term subject to renewal by the City Council.

FREQUENCY OF MEETINGS:

Monthly, Second Thursday, Fire Conference Room

STAFF LIAISON:

John Kappeler, Water Quality Manager

STAFF SUPPORT:

Staff estimates approximately 30 hours a month are allocated to this Committee.

QUARTERLY PROGRESS REPORT:

During the quarter, the Committee reviewed various water quality projects and programs including the Newport Bay Copper Reduction Project, the Big Canyon Project, the Shark Mobile, a proposed tiered water rates study and an update on the newly proposed EPA Recreational Water Quality Testing Criteria. Future agenda items include the Banning Ranch draft Environmental Impact Report, the Coastal Dolphin Research Program, various environmental educational programs and a review of various water quality grant programs.

Environmental Quality Affairs Committee

PURPOSE:

The mission of the Environmental Quality Affairs Committee (EQAC) is to protect and enhance the environmental quality of the City for the health and enjoyment of residents and visitors. When directed by the City Council EQAC:

- A. reviews and submits comments on Notices of Preparation (NOP) and/or the Notice of Completion (NOC) with respect to any Environmental Impact Report (EIR) prepared by the City;
- B. reviews and submits comments on behalf of the City (subject to City Council or City Manager approval) on environmental documents prepared by other public agencies for projects that have the potential to cause significant adverse environmental impacts within the City;
- C. reviews and submits comments on any negative declaration prepared by the City for any project;
- D. advises the City Council on policies, programs and projects that improves or detracts from the environmental quality of the City; and
- E. promotes education and awareness on positive environmental practices.

COMMITTEE AUTHORIZATION:

Established by Resolution No. 87-14 and modified from time-to-time EQAC's role was most recently modified by Resolution No. 2011-26.

COMMITTEE MEMBERS:

Mayor Pro Tem Nancy Gardner, Council Member Rush Hill, Kimberly Jameson, Merrit Van Sant, Laura Meier, Ed Reno III, Nick Roussos, Joan Penfil, Bruce Asper, Kevin Kelly, Barbara Thibault, Laura Curran, Vincent Lepore, Kevin Nolen, Kathy Harrison, Sandra Haskell, Timothy Stoaks, Michael Alti, Debbie Stevens, and Charles McKenna. Five vacancies presently exist.

LENGTH OF TERM FOR MEMBERS:

The members of the Committee serve for a term of four years on a staggered basis for a maximum of two consecutive terms.

FREQUENCY OF MEETINGS:

Monthly / As Needed

STAFF LIAISON:

James Campbell, Principal Planner

STAFF SUPPORT:

Staff allocates on average four hours per meeting with one staff member.

QUARTERLY PROGRESS REPORT:

Mayor Henn appointed Debbie Stevens as EQACs Chair to fill the position due to the appointment of Arlene Greer to the City Arts Commission. The City Council tasked EQAC to review and comment on the draft Environmental Impact Report (DEIR) for the Newport Banning Ranch project. Committee members were assigned sections of the DEIR to review and comment on during its September 19 meeting.

Newport Coast Advisory Committee

PURPOSE:

Advise the City in the implementation of the Newport Coast Annexation Agreement and any other issue relating to Newport Coast, Newport Ridge, or Crystal Cove.

COMMITTEE AUTHORIZATION:

Established by Resolution 2001-81

COMMITTEE MEMBERS:

Three members appointed by the City, four appointed by the Newport Coast Committee of 2000 (NCC2K). Current membership includes Council Member Keith Curry, Mayor Pro Tem Nancy Gardner, Jim McGee (Chair), Gerry Ross (Vice Chair), Jack Butefish, Daniel Wampole

LENGTH OF TERM FOR MEMBERS:

The seven members of the Committee serve for a term of three years.

FREQUENCY OF MEETINGS:

In recent years, called as needed.

STAFF LIAISON:

Dave Kiff, City Manager

STAFF SUPPORT:

Minimal given that the Committee has not met in recent years.

QUARTERLY PROGRESS REPORT:

This committee cannot be disbanded without violating the Newport Coast Annexation Agreement, which calls for its creation and maintenance. This committee met frequently – monthly at least – in 2001, 2002, and for a few years after the January 1, 2002 annexation of the Newport Coast community. With the community center completed and operating, fairly few issues arise that require the Committee to meet. Committee members remain relatively active in City issues, and very active in Newport Coast issues (typically via their Master HOAs). In the most recent period, there have been communications with a Committee member about the new “wayfinding” signs in the Newport Coast area and, as a result, some of them may be removed.

Special Events Advisory Committee

PURPOSE:

The Special Events Advisory Committee (SEAC) was formed to assist the City Council in evaluating requests for City support of community events. The Committee assesses every application for City support based upon each event's ability to meet all or most of the established evaluation criteria. The Council relies upon the committee's recommendation when making event support funding decisions.

COMMITTEE AUTHORIZATION:

Established by Resolution No. 2009-22, adopted on May 12, 2009. Membership and responsibilities amended by Resolution No. 2011-32 adopted on April 12, 2011.

COMMITTEE MEMBERS:

Laura Davis (Chair), Judy Brower, Janis Dinwiddie, Kirwan Rockefeller, Marshall Topping, Vicki Higgins, Jeffery Cole

LENGTH OF TERM FOR MEMBERS:

The seven member Committee is ongoing until such time as the need for the Committee no longer exists.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Tara Finnigan, Public Information Manager

STAFF SUPPORT:

During the first quarter of fiscal year 2011-2012, Staff provided approximately 21 hours of support to the committee.

QUARTERLY PROGRESS REPORT:

At its June 28 meeting, the City Council approved allocating a total of \$214,480 for community event grants in the fiscal year 2011-2012 General Fund budget. Fifteen local organizations were awarded grants ranging from \$800 to \$90,000. City staff is preparing agreements for each of the grant recipients.

Last spring, as the Special Events Advisory Committee (SEAC) completed its 2011 application review process, it was suggested that a small subcommittee meet to develop a list of possible changes to incorporate before the committee began its 2012 process. A subcommittee of two committee members and one staff member met in July and discussed potential changes to the grant application, the review process, and the schedule.

The suggested changes were presented to the full committee at its September 26 meeting. Applicants and community members also provided suggestions for improving the application and review process and the committee decided to form additional subcommittees to further refine these two components. The subcommittees will present their ideas at the October and November committee meetings.

The committee plans to have the revised application available online by mid-December and applications would then be due by mid-February 2012.

The committee intends to meet monthly through the end of the calendar year to finish the process improvements.

Aviation Committee

PURPOSE

Generally, to assist the City in the implementation of Council Policy A-17 (Newport Beach City Council Airport Policy).

COMMITTEE AUTHORIZATION:

Established by Resolution #9597 (1979). Recently amended by Resolution #2011-31 (April 12, 2011).

COMMITTEE MEMBERS:

City Council (3): Leslie Daigle (Chair), Rush Hill (Vice Chair), and Keith Curry.
 City Manager Dave Kiff
 City Attorney Aaron Hart
 Council District representatives – Dan Gilliland, Henry Arjad (#1), Eleanor Todd, Gerald Scarboro (#2), Tom Anderson, Sue Hogan (#3), Bonnie O'Neil, Ron Darling (#4), John Cunningham, Craig Page (#5), Shirley Conger, Lloyd "Bud" Rasner (#6), Suzanne Casey, Jim Dunlap (#7).
 President of Airport Working Group - Tony Khoury
 Representative from Airfair/SPON - Melinda Seely
 Resident of Newport Coast/Newport Ridge - Roger Ham
 General Aviation Representative – not yet named

LENGTH OF TERM FOR MEMBERS:

Not defined by Resolution.

FREQUENCY OF MEETINGS:

Monthly, last Monday at Central Library Friends Room

STAFF LIAISONS:

Dave Kiff, City Manager and
 Tom Edwards, Consultant

STAFF SUPPORT:

Tom Edwards' attendance at the meetings and his monthly "All Things Aviation" summary is part of his monthly retainer (\$5K/mo). Staff estimates approximately eight hours per month are allocated to this Committee.

QUARTERLY PROGRESS REPORT:

The Aviation Committee continues to spend time discussing the FAA's recent "NexGen" departure patterns for JWA, the "STREL" and "RAWLZ". STREL attempts to mimic the traditional departure patterns over Upper Newport Bay for flights going east of Las Vegas (about 50% of all flights leaving JWA) and where the planes have cockpit equipment to follow the STREL. RAWLZ will do the same for many other flights.

Committee members generally have been focused on hearing from JWA officials about JWA's passenger counts and the City's efforts to extend the neighborhood-friendly protections at JWA, including the commercial and general aviation curfews and the passenger and average daily departure caps. These efforts will take on new emphasis in the 4th Quarter of 2011 as the County invites the City, SPON, and AWG to the table to discuss extending the settlement agreement and curfew.

It generally is the Committee's position that the City always view Aviation via the lens of Council Policy A-17 (Newport Beach City Council Airport Policy). The policy does not speak to departure patterns that may impact one neighborhood over another, but it does speak to the importance (above all else) of the Settlement Agreement's protections. It is staff's assertion that the near universal focus of the Committee should be the Settlement Agreement and its extension and implementation.

Banning Ranch Development Agreement

PURPOSE:

To negotiate the terms of a pre-annexation and development agreement, which will describe development rights of and public benefits to be provided by the developer and outline the terms for annexation of the property to the City of Newport Beach.

COMMITTEE AUTHORIZATION:

Established by Resolution 2008-29

COMMITTEE MEMBERS:

Council Member Steven Rosansky and
Council Member Edward Selich

LENGTH OF TERM FOR MEMBERS:

The Committee will sunset upon City Council approval of the pre-annexation and development agreement, or earlier if so decided by the City Council.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Patrick Alford, Planning Manager

STAFF SUPPORT:

Staff estimates approximately 20 hours are allocated to this committee.

QUARTERLY PROGRESS REPORT:

During the quarter, the basic terms of the development agreement were established.

General Plan/Local Coastal Program Implementation

PURPOSE:

The Committee is charged with the tasks of developing a work program for the following items and overseeing their progress:

- A. revision of Coastal Land Use Plan;
- B. revision of Zoning Code;
- C. completion of Local Coastal Program Implementation Plan;
- D. study of infrastructure needs associated with development authorized in the General Plan, and establishment of developer impact fees for infrastructure;
- E. revision of City Council policies;
- F. revision of Building Code;
- G. public participation on the previous items; and
- H. any other means of implementing the General Plan that may be assigned to the Committee by the City Council.

COMMITTEE AUTHORIZATION:

Established by Resolution No. 2006-106

COMMITTEE MEMBERS:

Council Member Edward Selich (Chair), Mayor Pro Tem Nancy Gardner, Council Member Rush Hill, and Planning Commissioner Michael Toerge. There are two vacancies designated for Planning Commissioners.

LENGTH OF TERM FOR MEMBERS:

Ongoing until such time as the need for the Committee no longer exists.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Gregg Ramirez, Senior Planner

STAFF SUPPORT:

None at this time.

QUARTERLY PROGRESS REPORT:

The Ad Hoc Committee has not met since September of 2010. The last major accomplishment was the Committee's recommendation on the draft comprehensive update of the Zoning Code. Ultimately the comprehensive update of the Zoning Ordinance was reviewed by the Planning Commission and then adopted by the City Council in October of 2010.

Group Residential Uses & Code Enforcement

PURPOSE:

To serve as the City Council's liaison with special counsel regarding threatened and actual litigation challenging the validity of the adopted ordinance dealing with group uses; and to serve as the City Council's liaison to City staff regarding the implementation of the group residential use ordinance, including but not limited to the convening of a slate or slates of hearing officers, and staff's bi-monthly Progress Reports to Council.

COMMITTEE AUTHORIZATION:

Established by Resolution No. 2007-64 and amended by Resolution No. 2008-9.

COMMITTEE MEMBERS:

Mayor Michael Henn (Chair), Mayor Pro Tem Nancy Gardner, and Council Member Steven Rosansky

LENGTH OF TERM FOR MEMBERS:

Expired December 31, 2009; however, committee members continued to advise staff and general counsel.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Aaron Harp, City Attorney

STAFF SUPPORT:

Staff estimates four hours per meeting are allocated to this Committee.

QUARTERLY PROGRESS REPORT:

The Ad Hoc Committee meets infrequently and has received periodic updates from staff and special counsel regarding pending litigation and implementation of the group residential use ordinance.

July 4th West Newport Safety Planning Committee

PURPOSE:

The July 4th West Newport Safety Committee was formed to assist the City of Newport Beach in identifying measures to help contain, and eventually eliminate, unruly behavior in West Newport on Independence Day. The Committee's goal is to create a safe, family friendly holiday environment that residents and visitors can equally enjoy.

COMMITTEE AUTHORIZATION:

Established by Council Resolution No. 2002-58 on September 10, 2002.

COMMITTEE MEMBERS:

Mayor Michael Henn (Chair), Council Member Steven Rosansky, Craig Batley, Mary Bryant, Paul Watkins, Margie Dorney, City Attorney or designee, Police Department staff member.

LENGTH OF TERM FOR MEMBERS:

Ongoing until such time as the need for the Committee no longer exists.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Tara Finnigan,
Public Information Manager

STAFF SUPPORT:

Staff provided approximately 40 hours for committee support and an additional 100 hours for the Family Friendly Events subcommittee support.

QUARTERLY PROGRESS REPORT:

The committee met on August 15 to review the events of the July 4 holiday and to begin to strategize for the 2012 holiday. The community response to the efforts and activities undertaken for this year's July 4th holiday has been overwhelmingly positive. This was the second of a multi-year effort to gradually turn the party-like atmosphere found on the Peninsula and West Newport on July 4 into a family-friendly holiday that everyone can enjoy. This year's strategy incorporated more stringent enforcement measures, more changes to the closure area to lessen the crowds that gather, and the inclusion of family oriented events.

Enforcement Efforts

This was the first year of implementation of the Council's Loud & Unruly Gatherings Ordinance 100-2011 which establishes fines and augments the City's Disturbance Advisory Card System. During the Fourth of July holiday weekend (Friday, July 1- Monday, July 4), the Newport Beach Police Department (NBPD) tagged 15 homes for violating the ordinance and 16 citations were issued. Overall, enforcement numbers increased this year with a total of 119 arrests, an 11 percent increase, and a total of 1,093 citations issued, a 26 percent increase; however, the department's calls for service decreased about five percent. The issuance of Disturbance Advisory Cards was also lower with only 26 issued this year and 76 issued last year. The Police Chief felt the crowds were better behaved this year and that the statistics indicate the committee and City are moving in the right direction.

Family Oriented Activities

Recreation & Senior Services staff members worked closely with the eight member citizens subcommittee and an event planning consultant to plan the July 4 is for Families, West Newport Bike Parade & Community Festival. Staff from Public Works, Municipal Operations and the Police Department worked to determine the parade route and necessary traffic control. The subcommittee brought in 11 sponsorships (\$3,100 cash and \$1,500 in kind) to help the City cover the event costs. Community participation in the festivities far exceeded projections and many positive comments were received.

Street Closures

The committee set a goal of gradually minimizing the street closure area and time period until the closure is eventually eliminated. This effort began in 2010 and continued this year. The closure area was several blocks shorter and the streets were open by 7 p.m. on July 4.

Planning for 2012

At the committee's August 15 meeting, the group discussed the following:

- Whether and how far to shrink the street closure area in 2012 considering July 4 in 2012 is on a Tuesday.
- How to continue to improve the well-regarded Family Friendly July 4 celebration and parade.
- The need to continue the Loud & Unruly Gatherings process.

Negotiate Conexant Development Agreement

PURPOSE:

Work with City staff and designated representatives of Conexant (or their successor) on possible terms and conditions of the Development Agreement; and to recommend to the City Council action on potential terms and conditions of the Development Agreement. The purpose of the Committee is not directly tied to 2011 Council priorities.

COMMITTEE AUTHORIZATION:

Established by Resolution No. 2010-25 on 3-25-10

COMMITTEE MEMBERS:

Council Member Edward Selich, and Council Member Steven Rosansky.

LENGTH OF TERM FOR MEMBERS:

The Committee expires at such time as the Committee completes its negotiations with Conexant (or their successor) and its recommendations of potential course of action are transmitted to the City Council for consideration.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Kimberly Brandt, Community Development Director

STAFF SUPPORT:

Staff estimates approximately 40 hours of staff time will be devoted to support the committee with negotiations (including attorney time) and costs are reimbursed by the applicant.

QUARTERLY PROGRESS REPORT:

The Ad Hoc Committee has not begun negotiations. Conexant has sold the property to Uptown Newport LP, and the new applicant has filed the necessary application to proceed with the project. The applicant requested to use a different environmental consultant be used to prepare the environmental impact report for the project. Staff solicited proposals from several qualified firms and selected the Planning Center. Staff and the applicant met with the Planning Center on October 13, 2010, to kick-off the EIR process. It will take approximately nine months to complete the preparation of the draft EIR. Hearings with both the Planning Commission and City Council will follow. Negotiations will commence and should be completed within the six months.

Negotiate International Bay Club's Development Agreement

PURPOSE:

Work with City staff and designated representatives of International Bay Club on possible terms and conditions of the Development Agreement; and to recommend to the City Council action on potential terms and conditions of the Development Agreement. The purpose of the Committee is not directly tied to 2011 Council priorities.

COMMITTEE AUTHORIZATION:

Established by Resolution 2009-28

COMMITTEE MEMBERS:

Council Member Edward Selich and Council Member Steven Rosansky.

LENGTH OF TERM FOR MEMBERS:

The Committee expires at such time as it completes negotiations with the International Bay Club and its recommendations of potential course of action are transmitted to the City Council for consideration.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Kimberly Brandt, Community Development Director

STAFF SUPPORT:

Staff estimates that approximately 40 hours of staff time will be devoted to support the committee with negotiations (including attorney time) and costs are reimbursed by the applicant.

QUARTERLY PROGRESS REPORT:

The Ad Hoc Committee completed its negotiation of the terms and conditions of a draft agreement. The Planning Commission should conclude hearing the project in November of 2011, with hearings before the City Council scheduled thereafter.

Negotiate Newport Beach Country Club Development Agreement

PURPOSE:

Work with City staff and designated representatives of Newport Beach Country Club on possible terms and conditions of the Development Agreement; and to recommend to the City Council action on potential terms and conditions of the Development Agreement. The purpose of the Committee is not directly tied to 2011 Council priorities.

COMMITTEE AUTHORIZATION:

Established by Resolution 2007-32

COMMITTEE MEMBERS:

Council Member Edward Selich and Council Member Steven Rosansky

LENGTH OF TERM FOR MEMBERS:

The Committee expires at such time as the Committee completes its negotiations with Newport Beach Country Club and its recommendations of potential course of action are transmitted to the City Council for consideration.

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Kimberly Brandt, Community Development Director

STAFF SUPPORT:

Staff estimates that approximately 40 hours of staff time will be devoted to support the committee with negotiations (including attorney time) and costs are reimbursed by the applicant.

QUARTERLY PROGRESS REPORT:

The Ad Hoc Committee completed its negotiation of the terms and conditions of a draft agreement. The Planning Commission should conclude hearing the project in November of 2011, with hearings before the City Council scheduled thereafter.

Neighborhood Revitalization Committee

PURPOSE:

The Ad Hoc Committee is a direct outgrowth of one of the five 2011 Annual Priorities identified by the City Council in February of 2011. The purpose of the Committee is to identify and then prioritize those areas of the community that should have an investment of time, thought, and resources to bring the areas up to "Newport Beach" standards. Following City Council approval of the prioritization, the Committee will identify desired outcomes, develop a plan to achieve them, and recommend budget appropriations to be approved by the City Council. Additionally, the Committee has identified and established Citizens Advisory Panels (CAPs) to guide and implement the revitalization strategy for each specific area, encouraging public input throughout the process.

COMMITTEE AUTHORIZATION:

Established by Resolution 2011-26

COMMITTEE MEMBERS:

Mayor Michael Henn (Chair), Council Member Edward Selich and Council Member Rush Hill

LENGTH OF TERM FOR MEMBERS:

Term ends December 31, 2012

FREQUENCY OF MEETINGS:

As Needed

STAFF LIAISON:

Kimberly Brandt, Community Development Director

STAFF SUPPORT:

The City Manager has identified \$500,000 from 2011-2012 Fiscal Year budget savings as an initial estimate of costs. Depending upon specific tasks, additional budgetary allocations may be forthcoming. Staff allocates on average five hours per meeting with three staff members.

QUARTERLY PROGRESS REPORT:

The initial accomplishments of the Ad-Hoc Committee were the identification and prioritization of the revitalization areas (Council endorsed) and establishment of individual CAPs for each revitalization area. The Ad-Hoc Committee has met seven times and has received periodic updates on the progress of each effort. When each CAP concludes assigned task, they will forward a recommendation to the Ad-Hoc Committee who will in-turn provide a final recommendation to the City Council for consideration and action.

A recommendation from the Ad-Hoc Committee in relation to the Lido Village revitalization area (Project 12) is anticipated to be forwarded to the City Council in December of 2011.

Completion of the planning and recommendations for the Balboa Village revitalization area (Project 10) are anticipated in the Spring of 2012.

Completion of the planning and recommendations for the Corona del Mar Entry revitalization area (Project 11) is anticipated by the end of 2011 and the Santa Ana Heights revitalization area (Project 13) and West Newport Beach revitalization area (Project 14) are not anticipated to be completed until early 2012.

Tidelands Management Committee

PURPOSE:

The goals of the committee are to:

- 1) Establish long term visions for the tidelands including the Upper and Lower Bays, beaches and other components;
- 2) Study and adopt a Tidelands Infrastructure Master Plan;
- 3) Research, consider and recommend appropriate governance structures;
- 4) Oversee ongoing execution of the Tidelands Infrastructure Master Plan projects; and
- 5) Identify and establish a Citizens Advisory Panel to assist the Committee, encouraging public input throughout the process.

COMMITTEE AUTHORIZATION:

Established by Resolution 2011-26

COMMITTEE MEMBERS:

Mayor Michael Henn, Mayor Pro Tem Nancy Gardner and Council Member Edward Selich

LENGTH OF TERM FOR MEMBERS:

Ongoing until such time as the need for the Committee no longer exists.

FREQUENCY OF MEETINGS:

Monthly on the third Wednesday

STAFF LIAISON:

Chris Miller, Harbor Resources Manager

STAFF SUPPORT:

Staff estimates approximately 30 hours per month are allocated to this committee.

QUARTERLY PROGRESS REPORT:

The Committee heard presentations and commented on:

- The City's oilfields;
- An overview of dredging projects including Rhine Channel, Lower Bay, Newport Island area, Linda Isle and Seminouk Slough;
- San Diego Creek sediment loading;
- Comprehensive Lower Bay dredging strategy;
- Tidelands Infrastructure Management Plan Review;
- Review of the Harbor Commission Goals for 2011-12; and
- Review of the current Lower Bay dredging Army Corps project.

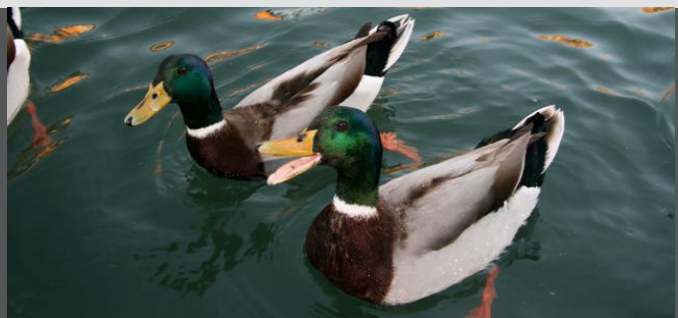


Project Tracking Reports

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The City continues an ambitious and wideranging delivery of projects which represent the City Council goals and have been developed to meet current community needs and to serve future generations. The projects tracked in this report have been selected by the City Manager based on those which generate the most interest and are not all inclusive of the many projects currently taking place in the City.



PROJECT 1: Acquisition of Coast Highway



Acquisition of Coast Highway

DEPARTMENT:

Public Works

PROJECT LEAD:

Dave Webb,
Deputy Public Works Director/City Engineer

PROJECT START DATE:

2008

TARGET COMPLETION DATE:

2012

DESCRIPTION:

The City desires to initiate a long range planning process to create a Mariner's Mile Traffic, Pedestrian and Parking Comprehensive Plan. The first step is to acquire ownership of the necessary State of California Department of Transportation (Caltrans) right-of-way, or develop an agreement allowing construction of desired improvements, for portions of Coast Highway between Jamboree Road and the Santa Ana River and Newport Boulevard between Finley Street and the West Channel Bridge. The acquisition process involves passing the appropriate legislation, having the State review the facility for ability to relinquish and its state of repair, providing a report to the City on the facility, development of an offer for the City to take the facility, and the City to choose whether it would accept the offer.

Section 73 of the Streets and Highways Code allows the California Transportation Commission to relinquish State Highways through a prescribed process. There is no defined schedule for this process and it is expected to be rather lengthy to accomplish. Caltrans has prepared a Project Study Report that documents an assessment of the condition of the two segments of State Highway to be considered for relinquishment and has circulated the report within its organization.

FUNDING SOURCE:

Sources for future improvements to be determined

TOTAL FUNDING REQUIRED FOR PROJECT:

To be determined

FUNDING ALLOCATED TO DATE:

None

AMOUNT SPENT TO DATE:

None other than staff time

STATUS TO DATE:

On September 16, 2010, staff met with Caltrans to discuss its tentative findings of the current condition assessment of the two highway facilities. Caltrans informed staff that they found the facilities to be in a good state of repair and would offer \$0 for its relinquishment. Staff expressed concern with this position and requested Caltrans review/correct various existing items such as deteriorated traffic signals, broken and/or deteriorated drainage structures, failed pavement areas, failing slopes, etc., prior to finalizing the report and determining the value of relinquishment. Caltrans agreed to conduct further review and update its report.

City staff continues to check in on the status with the Caltrans Project Manager every few weeks. Staff is aware that Caltrans staff recently conducted additional inspection work, cleaned out some drain facilities, and preformed slope maintenance along this section of Coast Highway. Caltrans recently informed City staff that the Project Study Report is still being reviewed by its Sacramento headquarters.

Public Works staff also started discussion with Caltrans permitting staff to see if there is possibly an agreement framework that we could enter into that would allow improvements to State Highways rather than acquire the right-of-way in fee title. This is being pursued on a parallel path with the acquisition path.

It is difficult to forecast a completion schedule as we are working with an agency affected by a budget crisis and this may be a lower priority item. City staff still needs to review and confer on the project report once it is received and negotiate the best deal possible. This alone is estimated to take six to nine months. At that point, the City will need to determine if the deal makes sense to move forward with accepting one or both roadways.

PROJECT 2: City Harbor Fees

City Harbor Fees


DEPARTMENT:

Public Works

PROJECT LEAD:

Chris Miller, Harbor Resources Manager

PROJECT START DATE:

Summer 2010

TARGET COMPLETION DATE:

December 2011

DESCRIPTION:

This project consists of updating the Harbor Resources' cost of service fees and the City's harbor fees to reflect the fair market value for the use of the Tidelands by associated user groups. Fees include permits for moorings, Balboa Yacht Basin slip rates, and commercial pier leases which contribute to harbor projects such as dredging and additional harbor amenities.

FUNDING SOURCE:

Tidelands and General Fund

TOTAL FUNDING REQUIRED FOR PROJECT:

\$125,000

FUNDING ALLOCATED TO DATE:

\$125,000

AMOUNT SPENT TO DATE:

Approximately \$19,026

STATUS TO DATE:

Revised fees for moorings and the Balboa Yacht Basin (boat slips, garages and apartments) were approved by City Council in the Fall of 2010 and have now been implemented. Staff, with assistance from Alan Kotin and Associates and Cummins & White LLP, is reviewing fees for the harbor's commercial piers and the preliminary findings on the Lido Marina Village property.

The committee has been meeting regularly and a draft sample lease to be used for all commercial piers is under internal review.



PROJECT 3: Civic Center Project

Civic Center Project

DEPARTMENT:

Public Works

FUNDING SOURCE:

Bond Proceeds / General Fund

PROJECT LEAD:

Steve Badum

TOTAL FUNDING REQUIRED FOR PROJECT:

\$104,306,931 (estimated construction)

PROJECT START DATE:

2008

FUNDING ALLOCATED TO DATE:

\$104,306,931 (hard construction costs only)

TARGET COMPLETION DATE:

2012

AMOUNT SPENT TO DATE:

\$25,295,364

DESCRIPTION:

The Civic Center Project includes a City Hall Office Building, one of the city's largest parks (16 acre), a 450-space parking structure, and an expansion of the Newport Beach Central Library. It is located on two parcels inland of the Newport Beach Central Library and bordered by Avocado Avenue and MacArthur Boulevard. The project also includes a community room, new Council Chambers, a "One Stop" Customer Service Center, dog park, passive wetlands park, a civic green, and a small café to service library and city hall customers.

STATUS TO DATE:

The Civic Center project is on schedule and budget. Soil export, grading, and construction of the parking structure shoring wall have been completed. The installation of the steel framing is underway on the City Hall building. The library addition foundations are complete and the framing will start shortly. The parking structure construction is 90% complete with the installation of lighting, cable railing, and the exterior architectural elements remaining.

The project is scheduled to be substantially complete during the fall months of 2012 with grand opening planned for December 2012.



PROJECT 4: Group Homes



DEPARTMENTS:

City Attorney's Office; City Manager's Office; Community Development

PROJECT LEAD:

City Attorney and City Manager

PROJECT START DATE:

2007

TARGET COMPLETION DATE:

Ongoing

DESCRIPTION:

Group homes: Implement and defend group home regulations to maintain the residential character of the City's residential neighborhoods while providing equal access to housing and accommodating the needs of the disabled.

FUNDING SOURCE:

General Fund and Fund Balance

TOTAL FUNDING REQUIRED FOR PROJECT:

All costs have not been specifically identified since a great deal of the costs are internal, staff resources from the City Manager's Office, City Attorney's Office, Planning, and Code Enforcement.

FUNDING ALLOCATED TO DATE:

\$3 million in outside counsel and litigation costs to date with an additional \$200,000 this fiscal year.

AMOUNT SPENT TO DATE:

\$3 million on outside counsel plus internal staffing costs and cost of Hearing Officer in administrative proceedings.

Group Homes

STATUS TO DATE:

The ordinance addressing the issue, Ordinance No. 2008-05, has been adopted and enforced through all necessary administrative proceedings. We are now at the stage of defending the ordinance in court and to the U.S. Department of Justice and Department of Housing and Urban Development and in federal court proceedings. Additionally, we are enforcing the ordinance and the approvals given under it and through approved Zoning Agreements with specific operators. As to these issues:

(1) Federal Litigation:

The federal litigation against the City was successfully resolved in the City's favor but is on appeal before the 9th Circuit Court of Appeals. The appellants recently filed their opening brief. The City anticipates filing its answering brief in December with an estimated hearing date in the Spring or Summer of next year, with final resolution within three to six months after the hearing.

(2) Challenge to Morningside Zoning Agreement:

MORN v. City of Newport Beach in the Orange County Superior Court was filed as a challenge to the adoption of the Zoning Agreement that was the vehicle for settling the federal court litigation involving the City and Morningside Recovery.

(3) Enforcement of Morningside Zoning Agreement:

On August 9, 2011, the Council adopted Ordinance 2011-20, which terminates the Zoning Agreement between the City and Morningside. Morningside has filed a challenge to the City's termination of the Zoning Agreement in the Orange County Superior Court and the City has filed a cross-complaint against Morningside seeking to abate the violations of the City's Zoning Code at 4823 A River Avenue, 4823 B River Avenue, 29 Ima Loa Court, 100 Via Antibes, 102 Via Antibes, 208 Vial Lido Sound and 533 Via Lido Sound.

(4) Step House Recovery:

A reasonable accommodation hearing was recently conducted by the City at the request of Step House Recovery. Following the hearing, the Hearing Officer issued a decision that denied Step House Recovery's request for a reasonable accommodation. As a result of the Hearing Officer's decision, Step House Recovery has entered into an Abatement Agreement with the City.

(5) Enforcement Against Yellowstone:

With the Council's authorization, on October 11, 2011, the City filed a case in the Orange County Superior Court seeking to abate four Yellowstone residential care facilities in the city based upon the facilities being in violation of the Newport Beach Municipal Code.

(6) Enforcement Against Pacific Shores:

With the Council's authorization, on October 11, 2011, the City filed a case in the Orange County Superior Court seeking to abate one of the Pacific Shores residential care facilities in the city based upon this particular facility being in violation of the Newport Beach Municipal Code.

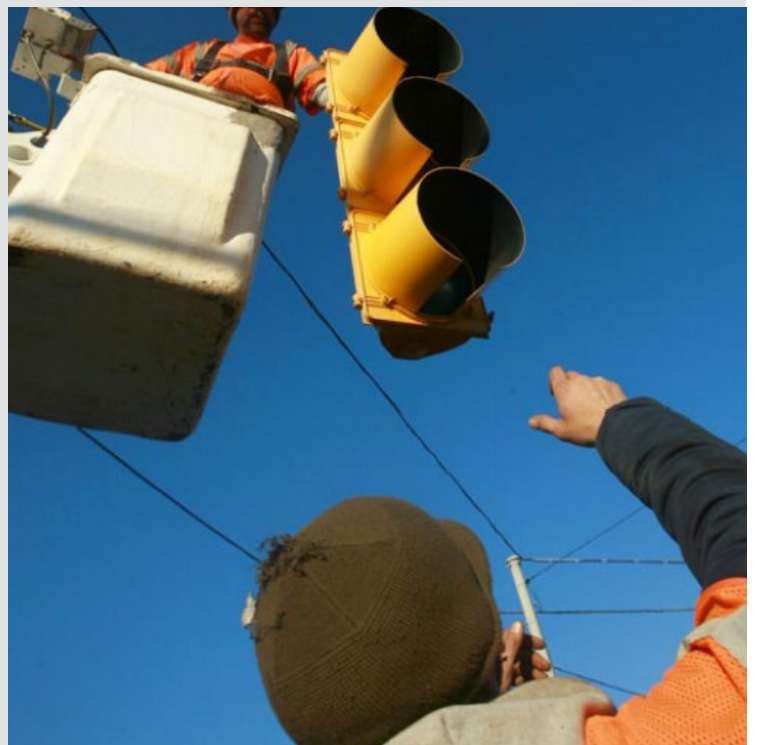
(7) Enforcement of Group Residential Use Regulations:

Efforts are ongoing in the enforcement of the City's Group Residential Use Regulation, including the enforcement of the conditions of approval of permitted uses and operating conditions under zoning agreements entered into by the City. These efforts involve substantial resources from the Community Development Department and its Code Enforcement Division, as well as the City Attorney's Office. In this context, we are addressing applications under the ordinance and investigating allegations of violations of these regulations and possible unpermitted operations within the city.

(8) Group Homes Mini-Conference:

The City held a "mini-conference" on September 14, 2011. The conference was designed to address the current status of the City's Group Residential Use Regulations and provided an update on the regulations that they have been in force for over three years and have survived legal challenges at the trial court level.

PROJECT 5: Implement Traffic Management Plan



Implement Traffic Management

DEPARTMENT:

Public Works

PROJECT LEAD:

Steve Badum, Public Works Director

PROJECT START DATE:

January 2007

TARGET COMPLETION DATE:

Fall 2013

DESCRIPTION:

This project improves and modernizes 117 traffic signals throughout the City with new controllers, fiber optic connections, a new Traffic Management Center (TMC) including new software, hardware and viewing monitors, Closed Circuit Television (CCTV) cameras at selected intersections to improve system reliability, traffic flow, and to reduce congestion. The traffic signal modernization program is a multiphased effort that allows staff to monitor, adjust and optimize signal timing and operations from the TMC at City Hall.

To date, 81 traffic signals have been upgraded and linked to a new high speed fiber optic backbone, 22 CCTV cameras have been installed, and the new TMC is operational. Staff also combined the annual traffic signal rehabilitation program with the signal modernization in an effort to incorporate required maintenance of existing signal equipment with the work for the new modernization program. The noted funding information only includes estimates for the traffic modernization program.

FUNDING SOURCE:

Transportation and Circulation, Measure M Turnback, Measure M Competitive

TOTAL FUNDING REQUIRED FOR PROJECT:

\$6,500,000

FUNDING ALLOCATED TO DATE:

\$5,000,000 (excludes Phases 6 and 8)

AMOUNT SPENT TO DATE:

\$4,230,509

STATUS TO DATE:

The traffic modernization program was divided into eight phases. Phases 1 through 4 and Phase 7 are now complete and operational. These phases included work to intersections along Balboa Peninsula, Superior Avenue, MacArthur Boulevard, Jamboree Road, City owned portions of Coast Highway, intersections in the airport area, and along Irvine Avenue.

Phase 5 includes 13 intersections and adds four more CCTV cameras in the Newport Center area and along portions of San Joaquin Hills Road. This project has been awarded for construction and is anticipated to be complete in Spring 2012.

Phases 6 and 8 of the traffic signal modernization program are planned to begin design by Summer 2012 and includes improvements to Newport Coast Drive, San Miguel Drive, Bonita Canyon Drive, and portions of San Joaquin Hills Road.

PROJECT 6: Lower Bay Dredging



Lower Bay Dredging

DEPARTMENT:

Public Works

PROJECT LEAD:

Chris Miller, Harbor Resources Manager

PROJECT START DATE:

2011

TARGET COMPLETION DATE:

Spring 2012

DESCRIPTION:

The project initially included dredging approximately 1.2 million cubic yards in the main navigational channels of the Lower Bay by the federal government. Due to budget constraints, the Army Corps of Engineers will initiate a smaller project to dredge approximately 300,000 to 400,000 cubic yards of material in the harbor's critical areas. About two-thirds of the material is suitable for ocean disposal at the off-shore site "LA-3", with the remaining material to be disposed at the Port of Long Beach.

FUNDING SOURCE:

Federal Funds, Tidelands

TOTAL FUNDING REQUIRED FOR PROJECT:

~\$5.5 million

FUNDING ALLOCATED TO DATE:

\$400,000 (O&M Tidelands); \$100,000 (CIP); \$2.2 million in federal funds is anticipated but not yet allocated. City Council is considering contributing an additional \$2.5-3.0M towards this dredging effort. Additional areas could be dredged if more funding were available.

AMOUNT SPENT TO DATE:

\$400,000 (O&M Tidelands-for sediment testing)

STATUS TO DATE:

Staff is coordinating with the Army Corps of Engineers in the design of a reduced scope dredging project, given the federal government's funding constraints. Securing a disposal site for the unsuitable material has been of the utmost importance. Staff will be recommending the City Council authorize an agreement with the Port of Long Beach for disposal of this material, similar to what the City did for the Rhine Channel material at the October 11, 2011 meeting. The Corps advertised the project in September and bids are due in October with a plan to award in November. Dredging could begin near the first of the year.

PROJECT 7: Marina Park

Proposed Site Plan



Proposed Facility-Street View



Proposed Facility-Bay View



Marina Park

DEPARTMENT:

Public Works

PROJECT LEAD:

Dave Webb, Deputy Public Works Director/
City Engineer

PROJECT START DATE:

2006

TARGET COMPLETION DATE:

Spring 2014

DESCRIPTION:

The Marina Park site is located on the bay side of Newport Peninsula between 15th and 18th Streets. The 10.4 acre site is owned by the City and is currently being used for several purposes including a 57 space mobile home park, Las Arenas and Veterans Memorial Parks, Balboa Community Center and parking lots, 18th Street Sailing Base and leased space for a Girl Scouts meeting facility.

The approved Marina Park Concept plan for the property proposes a new marina which includes a 23 slip visiting vessel marina, a visitor side tie dock and floating docks to support youth and adult sailing programs and mooring support services; a 11,000 square foot Sailing Center building and a 10,500 square foot Community Center building; a new park with amenities including tennis courts, half court basketball courts, tot lot and playground, exercise circuit, walking paths and beach area, a new Girl Scout house and parking areas.

FUNDING SOURCE:

General Fund-Major Facilities

TOTAL FUNDING REQUIRED FOR PROJECT:

\$30,000,000

FUNDING ALLOCATED TO DATE:

\$10,725,725

AMOUNT SPENT TO DATE:

\$1,584,905

STATUS TO DATE:

On November 13, 2007, the City Council approved the Marina Park Concept Plan and directed staff to prepare the Environmental Impact Report (EIR) and design documents. The project EIR was approved and certified by the City Council on May 11, 2010.

Upon approval of the EIR, staff and the consultant team prepared and submitted applications to the State Regional Water Quality Control Board for a 401 permit and US Army Corps of Engineers' 404 permit. Project approvals and permits from the California Coastal Commission (CCC) and the State Lands Commission (SLC) are also being sought. The 401 permit was approved in May 2011. The 404 permit finished the public review process and is expected to be approved-in-concept in the coming months. However, the 404 permit cannot be formally issued until the coastal permit is approved.

The critical path item is the California Coastal Commission Permit. Staff submitted the permit application on October 7, 2010, and on November 30, 2010 received an incomplete letter. The application was re-submitted on December 21, 2010, and the City received its second incomplete application letter on January 19, 2011. That letter informed the City that the application cannot be accepted until a Tidelands boundary issue is resolved with State Lands Commission (SLC).

Staff met several times with CCC staff this past quarter and requested they process the project's application while the City worked through the SLC boundary issue. On September 1, 2011, the Tidelands Boundary Agreement was approved by the State Lands Commission.

PROJECT 8: Newport Banning Ranch



Newport Banning Ranch

DEPARTMENTS:

Community Development, Public Works, Office of the City Attorney, and City Manager's Office

PROJECT LEAD:

Patrick Alford, Planning Manager

PROJECT START DATE:

August 2008

TARGET COMPLETION DATE:

January 2013

DESCRIPTION:

Newport Banning Ranch is a 402.3-acre planned community proposed by Newport Banning Ranch, LLC; a partnership formed by Aera Energy, Cherokee Investment Partners, and Brooks Street. The project would contain a maximum of 1,375 dwelling units, 75,000 square feet of retail commercial, a 75-room "boutique" hotel, parks, and open space. The site is generally bound to the north by Talbert Nature Preserve/Regional Park (Costa Mesa); to the south by West Coast Highway and the Newport Shores Community; to the east by Newport Crest Community, West Newport Mesa, and Westside Costa Mesa; and to the west by a U.S. Army Corps of Engineers wetlands restoration area and the Santa Ana River. Approximately 40 acres of the site are located within the incorporated boundary of the City of Newport Beach; the remainder of the site is within unincorporated Orange County, but within the City of Newport Beach's adopted Sphere of Influence.

FUNDING SOURCE:

General Fund (off-set by application fees)

TOTAL FUNDING REQUIRED FOR PROJECT:

\$4 million (estimated)

FUNDING ALLOCATED TO DATE:

\$2,746,000

AMOUNT SPENT TO DATE:

\$2,627,461

STATUS TO DATE:

The Draft Environmental Impact Report (DEIR) was completed and distributed for public review and comment. The 60-day public comment and review period began on September 9, 2011, and ends on November 8, 2011.

The City Council directed the Environmental Quality Citizen's Advisory Committee to review and comment on the DEIR.

Following the public review and comment period, responses to public comments and a draft Final EIR will be prepared and submitted along with the project for public hearings before the Planning Commission and City Council. Public hearings are anticipated to begin during the first quarter of 2012. Should the City Council approve the project, an application will be submitted to the California Coastal Commission (CCC) by Newport Banning Ranch. Processing by the CCC staff is anticipated to take a minimum of 15 months.

Reduce Fire Hazard in Buck Gully & Morning Canyon

DEPARTMENT:

Fire

PROJECT LEAD:

Ron Gamble, NBFD Fire Marshal

PROJECT 9: Reduce Fire Hazard in Buck Gully & Morning Canyon



PROJECT START DATE:

In 2007, the Department of Forestry and Fire Protection followed State Law which requires the identification of areas in the state that posed a very high fire severity risk.

TARGET COMPLETION DATE:

Once the maps are published and sent from the State, they will be submitted to the City manager. Then Public notices can be sent out, possible public hearings scheduled on the subject and the CAL FIRE map can be adopted by the City Council. This will become part of the annual hazard reduction program.



DESCRIPTION:

State Law requires the Director of Forestry and Fire Protection to identify areas in the state which are VHFHSZ based on consistent criteria with computer models based on topography, fuel loading, fire weather conditions and historical data. People living within the Very High Fire Hazard Severity Zone (VHFHSZ) delineated on the State map are subject to the provisions in the California Government Code sections 51175 through 51189.

In summary, California Legislature declared that wildfires are extremely costly, not only to property owners and residents but also to local agencies. Preventive measures are therefore needed to ensure the preservation of the public peace, health, or safety. The CAL Fire maps will allow the provisions

of this law to be enforced. It requires a person who owns, leases, controls, operates, or maintains an occupied dwelling or structure within a VHFHSZ to create and maintain defensible space; disclose the fact that property is located in a VHFHSZ; and use ignition resistant materials and design to resist the intrusion of flame or burning embers projected by a vegetation fire (wildfire exposure). This will prove to be the most prudent effort California has made to try and mitigate the losses resulting from our repeating cycle of interface fire disasters.

Currently, the Fire Department contracts with Dudek, an environmental science company, to perform inspections in the areas of Buck Gully and Morning Canyon and creates a CAD drawing of the vegetation on each property. These drawings are used to identify any dead or dying vegetation or any new vegetation that has begun to grow or has been planted in these areas. These CAD drawings will be used with the CAL Fire VHFHSZ maps to denote certain vegetation that needs to be removed, replaced or thinned to provide a defensible space for the homes in the Very High Fire Hazard areas as per the Government Code.

FUNDING SOURCE:

Unknown - current budget line item 2330-8080 Hazard Reduction.

TOTAL FUNDING REQUIRED FOR PROJECT:

\$4 million (estimated). Funding required for the enforcement of this state law is unknown and has the potential to increase to cover additional requirements of the inspection of the VHFHSZ areas.

FUNDING ALLOCATED TO DATE:

Currently, \$190,000 is budgeted for Fuel Modification maintenance Account 2330 - 80804. The city-wide weed abatement and hazard reduction programs has \$46,114.

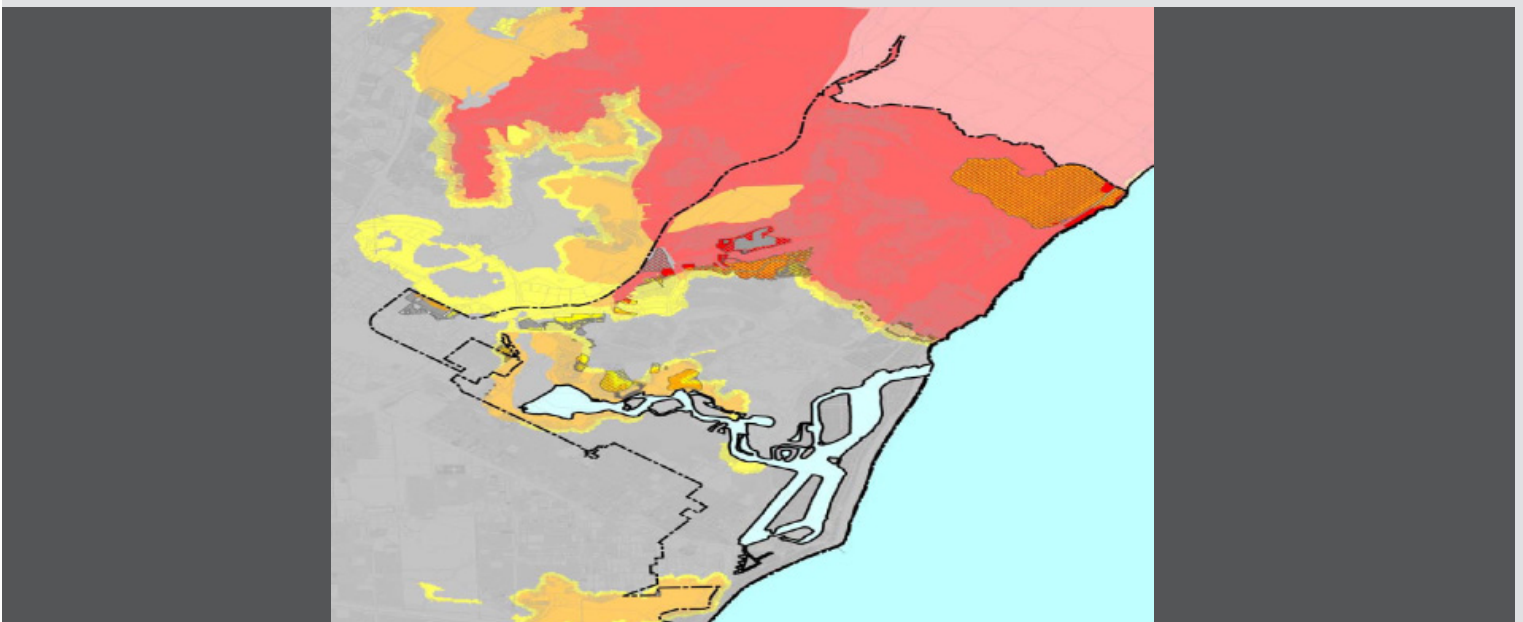
AMOUNT SPENT TO DATE:

With the Hazard Reduction and Fuel Modification programs running at the peak time of the year, \$118,306 has been expended.

STATUS TO DATE:

After years of waiting on these maps, the data has finally been compiled and final corrections were submitted to Cal Fire in July 2011. Cal Fire reports that the final published VHFHSZ maps will be sent to local agencies in the next few weeks. The maps will be split into two separate documents with instructions. One map will depict only the Very High Fire Hazard Severity Zones as required by State law, and a separate map will show only High and/or Moderate zones for additional consideration by each local agency. Newport Beach will work with other fire agencies such as OCFA during the adoption phase, including community outreach efforts.

A copy of the finalized map is depicted below and is available at the CAL Fire website, on the FHSZ map tracker page.



All accepted changes are visually identified on the map via diagonal stripes. The colors of the stripes also reflect the new zone designation (very high, high, moderate, or non-zoned).

PROJECT 10: REVITALIZATION PRIORITY AREA:
Balboa Village



Revitalization Priority Area: Balboa Village

DEPARTMENT:

Community Development

PROJECT LEAD:

Kimberly Brandt, Community Development Director

PROJECT START DATE:

August 2011

TARGET COMPLETION DATE:

Within Fiscal Year 2011-2012

DESCRIPTION:

Preparation of an Economic Vision and Revitalization Strategy that addresses market opportunities and constraints, infrastructure opportunities, and previous economic development efforts.

FUNDING SOURCE:

General Fund

TOTAL FUNDING REQUIRED FOR PROJECT:

Funding to be determined and is dependent upon the full scope of necessary analysis. Staff has allocated 125 hours within its preliminary work program costing approximately \$20,000.

FUNDING ALLOCATED TO DATE:

A consulting project manager/facilitator has been retained at a maximum cost of \$48,600.

AMOUNT SPENT TO DATE:

Approximately \$10,000

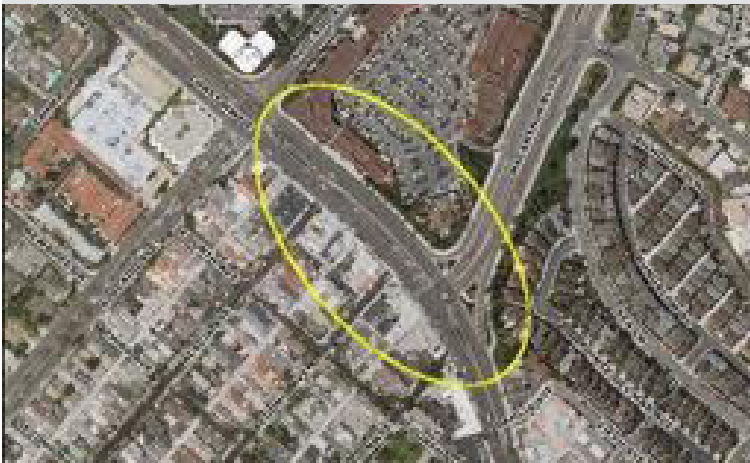


STATUS TO DATE:

The Balboa Village Citizens Advisory Panel (CAP) has conducted three public meetings principally devoted to the identification of a future vision and familiarizing themselves with the prior work prepared by the Balboa Peninsula Planning Advisory Committee (BPPAC). The CAP has received an update on the future plans for the Newport Harbor Nautical Museum (ExplorOcean) and Balboa Theater. Staff has selected a consultant to prepare an assessment of economic, market, and parking conditions that will provide valuable facts to support a strategy to implement new and previously identified policies to revitalize the area.

The purpose of this project is directly tied to the 2011 Council revitalization priority. The City Council Ad Hoc Neighborhood Revitalization Committee has prioritized the preparation of a refreshed "Vision Plan" for Balboa Village for Fiscal Year 2011-2012. The study has include a review of pertinent data, trends, and economic development tools that will infuse economic growth/stability. The Ad Hoc Committee appointed the CAP to guide the preparation of the design. CAP members are Terri Pasqual, Ralph Rodheim, Craig Smith, Jim Stratton, Mark Hoover. Mayor Michael Henn is participating as a liaison to the Ad Hoc Revitalization Committee and the City Council.

PROJECT 11: REVITALIZATION PRIORITY AREA:
Corona del Mar Entry



Revitalization Priority Area: Corona del Mar Entry

DEPARTMENTS:

Public Works, Community Development, and City Manager's Office

PROJECT LEAD:

Steve Badum, Public Works Director

PROJECT START DATE:

July 2011

TARGET COMPLETION DATE:

December 2011

DESCRIPTION:

Preliminary Design of a Capital Improvement Project for beautification of the south side of East Coast Highway from Avocado Avenue to Dahlia Avenue.

FUNDING SOURCE:

General Fund, Cdm Business Improvement District

TOTAL FUNDING REQUIRED FOR PROJECT:

Funding to be determined as is dependent upon the full scope of the anticipated improvements.

FUNDING ALLOCATED TO DATE:

The City Council has allocated \$76,000 to the project at the request of the CDM BID Advisory Board. Staff has allocated approximately \$32,000 for consulting project management services. Staff anticipates the need to schedule 60 hours of staff time at a cost of approximately \$10,000 to support the project.

AMOUNT SPENT TO DATE:

Approximately \$11,000 for consulting project management services.



STATUS TO DATE:

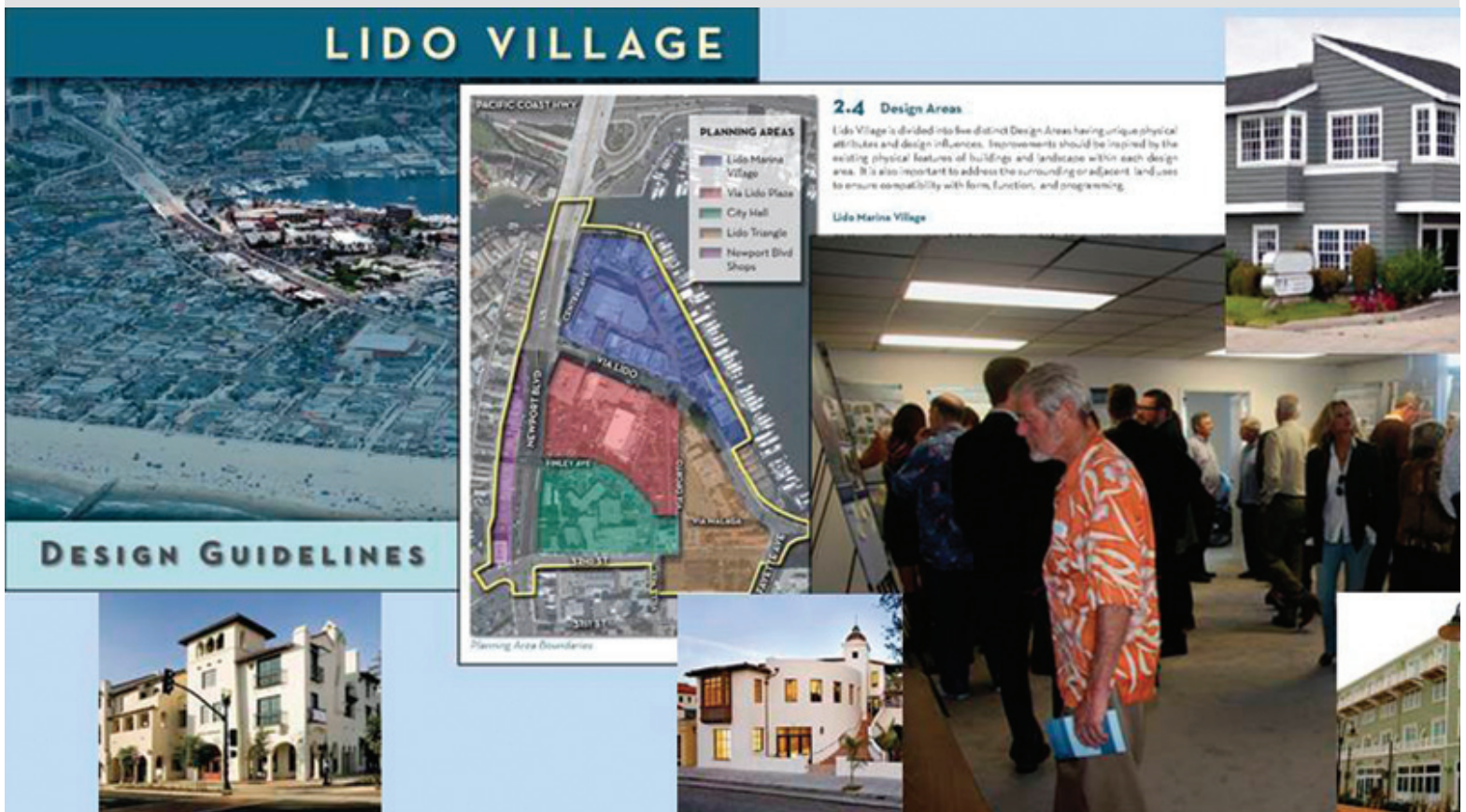
The Corona del Mar Entry Citizens Advisory Panel has met twice and has discussed the opportunities and constraints of existing infrastructure, circulation, transportation, land use policy, design, and parking. At the most recent meeting, two concept plans for widening the sidewalk along the south side of Coast Highway were reviewed. Each plan would move the southbound lane drop further to the west, possibly west of Avocado Avenue. It was decided that staff obtain data from previous studies and look into conducting a traffic analysis with respect to altering the lane configurations.

Staff has identified Dennis Stone as the consulting project manager to facilitate the CAP and its work product; along with Assistant City Engineer Mike Sinacori from the Public Works Department, Principal Planner Jim Campbell from the Community Development Department and staff from other departments will provide assistance as necessary.

Meetings for the next quarter are scheduled to occur on October 5, November 16 and December 21, 2011. Further discussions will take place on feasibility of the design options.

The purpose of this project is directly tied to the 2011 Council revitalization priority. The City Council Ad Hoc Revitalization Committee has prioritized the preparation of the design of this project for Fiscal Year 2011-2012. The Committee appointed the CAP to guide the preparation of the design. CAP members are Sandy Haskell, John Hyatt, Lisa Jordan, Bernie Svalstad, and Ron Yeo. Councilmember Rush Hill is participating as a liaison to the Ad-Hoc Committee and City Council.

PROJECT 12: REVITALIZATION PRIORITY AREA: Lido Village



Revitalization Priority Area: Lido Village

DEPARTMENT:

Community Development

PROJECT LEAD:

Kimberly Brandt, Community Development Director

PROJECT START DATE:

July 2011

TARGET COMPLETION DATE:

December 2011

DESCRIPTION:

The preparation of architectural and landscape design guidelines for the Lido Village area that is generally bounded by Newport Boulevard, Newport Bay, and 32nd Street.

FUNDING SOURCE:

General Fund (partially off-set by private funds)

TOTAL FUNDING REQUIRED FOR PROJECT:

\$165,000 total

FUNDING ALLOCATED TO DATE:

From FY 2010-2011 budgeted funds, \$148,045 were encumbered for consultant costs and this amount does not include staff time. The consultant cost is partially off-set by private funds in the amount of \$87,228, leaving \$60,817 as the cost to the City. Staff has allocated 100 hours within its preliminary work program costing approximately \$15,000.

AMOUNT SPENT TO DATE:

Approximately \$110,000



STATUS TO DATE:

On June, 14, 2011, the City Council authorized the preparation of architectural and landscape design guidelines. Tim Collins was selected as the consulting project manager and Todd Lamer of William Hezmalhalch Architects was selected as the principal designer for the guideline preparation. The draft design guidelines were reviewed by the Lido Village Citizens Advisory Panel (CAP) with input and feedback from stakeholders and other property owners. The guidelines will be submitted for Planning Commission review at its October 20 meeting. Recommendations from both the CAP and Planning Commission will be considered by the Ad-Hoc Neighborhood Revitalization Committee on November 10, 2011. The final draft guidelines are scheduled to be considered by the full City Council on December 13, 2011.

The purpose of this project is directly tied to the 2011 Council revitalization priority. The City Council Ad Hoc Neighborhood Revitalization Committee prioritized the area of Lido Village for revitalization. The Ad Hoc Committee appointed the CAP to guide the preparation of the design. CAP members are Craig Batley, Roberta Buchanan, Bill Dunlap, Hugh Helm, Richard Luehrs, and George Schroeder. Councilmember Rush Hill is participating as a liaison to the Ad-Hoc Committee and City Council. The overall process has been conducted with oversight by the Ad-Hoc Committee.

PROJECT 13: REVITALIZATION PRIORITY AREA:
Santa Ana Heights



Revitalization Priority Area: Santa Ana Heights

DEPARTMENTS:

Public Works, Community Development, and
City Manager's Office

PROJECT LEAD:

Steve Badum, Public Works Director

PROJECT START DATE:

July 2011

TARGET COMPLETION DATE:

Within Fiscal Year 2011-2012

DESCRIPTION:

Preliminary design of a Capital Improvement Project for landscape and irrigation improvements along the north side of Bristol Street abutting the 73 Freeway between Campus Drive and Jamboree.

FUNDING SOURCE:

General Fund

TOTAL FUNDING REQUIRED FOR PROJECT:

Funding to be determined and is dependent upon the full scope of anticipated improvements.

FUNDING ALLOCATED TO DATE:

Staff has allocated approximately \$32,000 for consulting project management services and \$28,000 for design consulting services. Staff anticipates the need to schedule 60 hours of staff time at a cost of approximately \$10,000 to support the project.

AMOUNT SPENT TO DATE:

Approximately \$26,000 (\$11,000 for consulting project management services and \$15,000 for design consulting services).

STATUS TO DATE:

The Santa Ana Heights Citizen Advisory Panel (CAP) met twice during the quarter to discuss potential landscaping design guidelines for the unimproved area between Bristol Street South and State Route 73. The CAP discussed the potential palette for the project and determined that a holistic approach should be taken to incorporate landscaping elements similar to other projects in the Santa Ana Heights area. The design team and staff were asked to examine the prospects of adding an entry monument sign near the intersection of the southbound 73 off ramp and Campus Drive. Opportunities for public art and aesthetically pleasing hardscape were also requested.

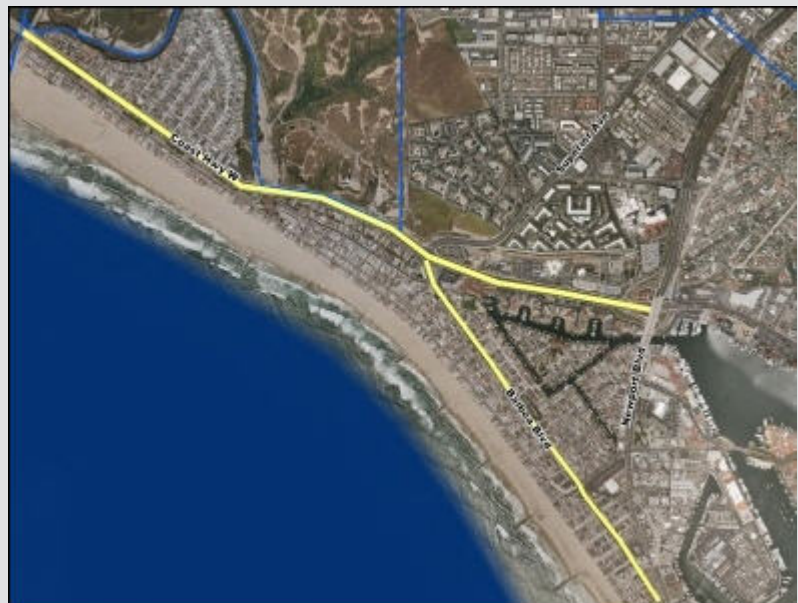
Staff has identified Dennis Stone as the consulting project manager to facilitate the CAP and its work product; along with Senior Civil Engineer Iris Lee from the Public Works Department as the lead staff member and Planning Technician Benjamin Zdeba from the Community Development Department to provide support.

The next meeting is scheduled for November 2.

The purpose of the project is directly tied to the 2011 Council revitalization priority. The City Council Ad Hoc Revitalization Committee has prioritized the preparation of designs of this project for Fiscal Year 2011-2012. The Committee appointed the CAP to guide the preparation of the design. CAP members are Tim Stoaks and Sarah Wilkinson. Mayor Michael Henn is participating as a liaison to the Ad Hoc Revitalization Committee and the City Council.



PROJECT 14: REVITALIZATION PRIORITY AREA:
West Newport Heights



Revitalization Priority Area: West Newport Heights

DEPARTMENTS:

Public Works, Community Development, and City Manager's Office

PROJECT LEAD:

Steve Badum, Public Works Director

PROJECT START DATE:

July 2011

TARGET COMPLETION DATE:

Within Fiscal Year 2011-2012

DESCRIPTION:

Preliminary design of a Capital Improvement Project for beautification of West Coast Highway from the Santa Ana River to the Arches Bridge and of Balboa Boulevard from West Coast Highway to McFadden Square.

FUNDING SOURCE:

General Fund

TOTAL FUNDING REQUIRED FOR PROJECT:

Funding to be determined and is dependent upon the full scope of anticipated improvements.

FUNDING ALLOCATED TO DATE:

Staff has allocated approximately \$32,000 for consulting project management services and \$75,000 for design consulting services. Staff anticipates the need to schedule 60 hours of staff time at a cost of approximately \$10,000 to support the project.

AMOUNT SPENT TO DATE:

Approximately \$56,000 (\$11,000 for consulting project management services and \$45,000 for design consulting services).

STATUS TO DATE:

The first meeting of the West Newport Heights Citizens Advisory Panel was held on August 24, 2011 to review and discuss the boundaries within the CAP's purview. A general area was further discussed and several factors were identified as keystones to the project; including alteration of existing medians, incorporation of sustainable elements, and the addition of lush plantings to soften the look and improve the aesthetic of the area. Additionally, there is a hope that the landscape improvements will slow traffic and improve safety along Balboa Boulevard.

The second meeting was held on September 28, 2011 to review a concept layout of typical sections along each of the studied corridors. The CAP determined that landscaping with varying heights (groundcover, shrubs and canopy trees), while minimizing hardscape, was the appropriate approach to enhance the area.

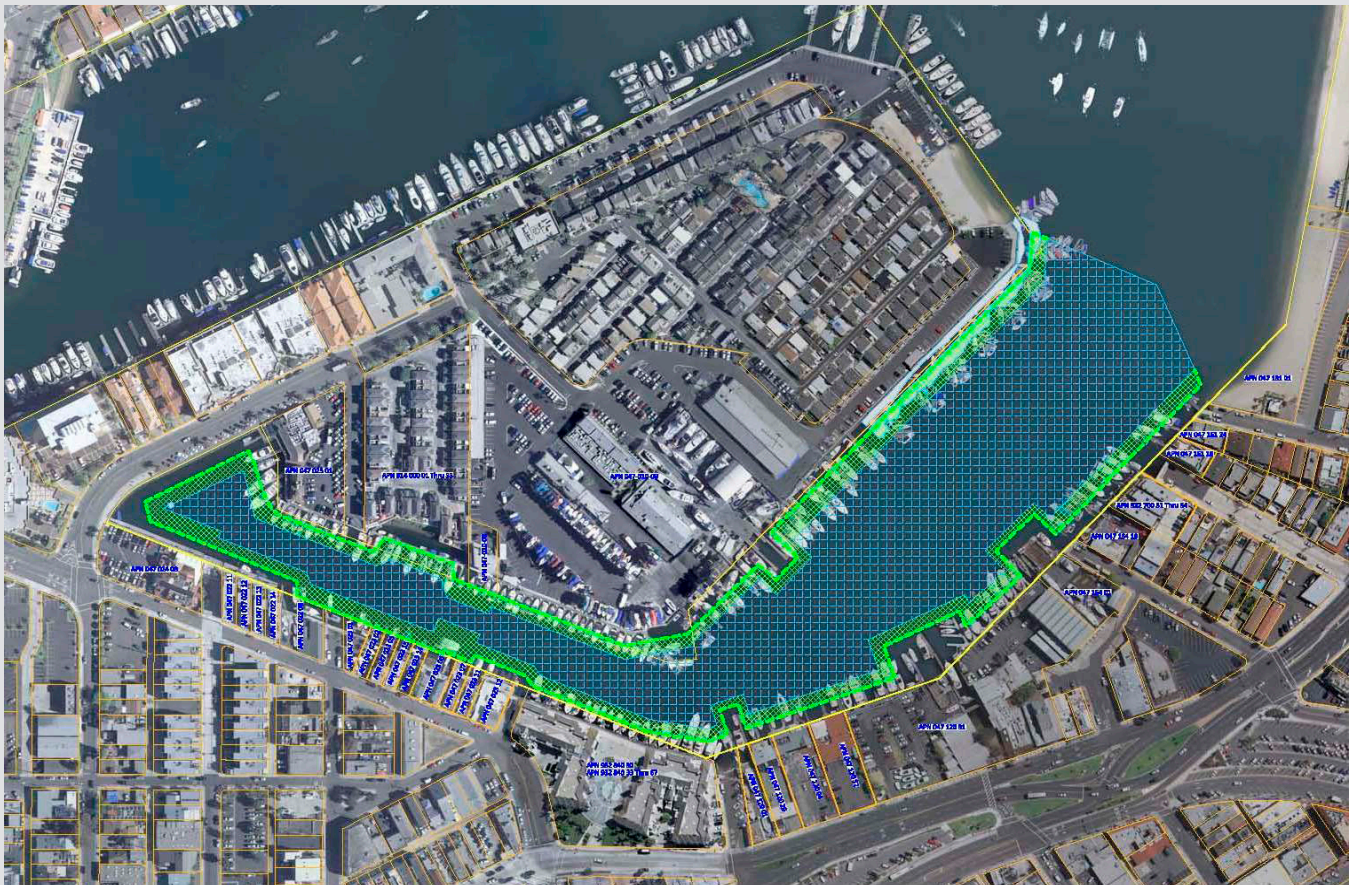
Staff has identified Dennis Stone as the consulting project manager to facilitate the CAP and its work product; along with Senior Civil Engineer Iris Lee from the Public Works Department as the lead staff member to provide support.

Meetings for the next quarter are scheduled for November 9 and December 14 at City Hall in the Fire Conference Room and will begin at 4:00 p.m.

The purpose of the project is directly tied to the 2011 Council revitalization priority. The City Council Ad Hoc Revitalization Committee has prioritized the preparation of the design of this project for Fiscal Year 2011-2012. The Committee appointed the CAP to guide the preparation of the design. CAP members are Cindy Koller, Gina Lesley, Jeffrey Morris, Tony Petros and Paul Watkins. Councilmember Edward Selich is participating as a liaison to the Ad Hoc Revitalization Committee and the City Council.



PROJECT 15: Rhine Channel Contaminated Sediment Cleanup



Rhine Channel Contaminated Sediment Cleanup

DEPARTMENT:

Public Works

PROJECT LEAD:

Chris Miller, Harbor Resources Manager

PROJECT START DATE:

August 2011

TARGET COMPLETION DATE:

December 2011

DESCRIPTION:

The project removes contaminated sediments to restore and enhance state-designated impaired beneficial uses of the Rhine Channel, dispose of material in an environmentally responsible and cost-effective manner, and improve navigation.

Contaminated sediments will be removed from the Rhine Channel in Lower Newport Bay and from nearby areas found unsuitable for unconfined ocean disposal under Regional General Permit 54 issued by the U.S. Army Corps of Engineers.

FUNDING SOURCE:

Tidelands and Private Contributions

TOTAL FUNDING REQUIRED FOR PROJECT:

Approximately \$4.6 million

FUNDING ALLOCATED TO DATE:

\$4.673 million (includes contingencies and private contributions)

AMOUNT SPENT TO DATE:

\$1,648,371

STATUS TO DATE:

On April 12, 2011, Anchor QEA was awarded a contract for construction management which also includes pre-construction submittals, agency coordination, and sediment and water quality sampling. A construction contract was awarded to Dutra Dredging Company by the City Council on May 10, 2011. All permits have been secured and an agreement was executed with the Port of Long Beach for sediment disposal.

The project began in August 2011, and most of the phases are now complete with the exception of the American Legion dredging. Dutra is about 45 days ahead of schedule and is tracking to be on budget.

PROJECT 16: Sunset Ridge Park



Sunset Ridge Park


DEPARTMENT:

Public Works

PROJECT LEAD:

Michael Sinacori, Assistant City Engineer

PROJECT START DATE:

August 2007

TARGET COMPLETION DATE:

Winter 2013

DESCRIPTION:

The proposed 13.7 acre Sunset Ridge Park is situated on the northern corner of the West Coast Highway and Superior Avenue in West Newport Beach. Sunset Ridge Park is planned to be an active park per the city's General Plan with amenities including Pony League baseball field, soccer fields, parking area, restroom, butterfly garden, shaded viewpoint, walkways, walls, signs, and fencing.

FUNDING SOURCE:

General Fund and Park-in-lieu

TOTAL FUNDING REQUIRED FOR PROJECT:

\$12,000,000*

FUNDING ALLOCATED TO DATE:

\$11,205,000*

*Not including cost of land purchased from Caltrans for \$5,200,000.

AMOUNT SPENT TO DATE:

\$1,623,672

STATUS TO DATE:

Staff is currently working to obtain all necessary regulatory permits including a Coastal Development Permit from the California Coast Commission (CCC). The park project continues to advance, although not as fast as originally anticipated due to unforeseen delays. Two recent actions have removed some obstacles allowing the park plans to continue toward construction.

On April 14, 2011, the City received a favorable decision from the CCC on how to remedy the non-permitted vegetation removals by a contractor which occurred prior to the City acquiring ownership of the park property. The second action occurred on May 5, 2011, when a lawsuit filed in 2010 by the Banning Ranch Conservancy claimed the project's Environmental Impact Report was inadequate in several areas was ruled in the City's favor.

Staff has been working closely with CCC staff to address any permit comments and concerns and press to obtain the project's required permit. The first hearing is set for November 2 and we have been informed the Coastal Commission staff is recommending denial of the project. We are hopeful the CCC overrules the staff recommendation and approves the project. If approved, plans will be finalized and project bids will be solicited in Spring 2012. Construction of the park and entry road from West Coast Highway could begin in late Summer of 2012 with an estimated project completion in Winter 2013. This timeline depends on the conditions placed upon the project by the CCC.

PROJECT 17: Transportation Fair Share Fee



Transportation Fair Share Fee

DEPARTMENTS:

Public Works, Community Development

PROJECT LEAD:

Steve Badum, Public Works Director
Antony Brine, City Traffic Engineer

PROJECT START DATE:

February 2007

TARGET COMPLETION DATE:

Late 2011

DESCRIPTION:

In 1984, City Council established the Fair Share Traffic Contribution Ordinance to ensure development contributes its fair share towards improvements included in the City's Master Plan of Arterial Highways and General Plan Traffic Circulation Element.

The ordinance established a fair and equitable method to distribute costs of the circulation system improvements necessary to accommodate the traffic volumes generated by development. From time to time, the City Council has updated this ordinance as costs have risen and whenever the General Plan has been updated.

The City recently updated the General Plan and the Implementation Committee has been working on an update of the fair share fee.

STATUS TO DATE:

The completion of updating the Fair Share Traffic fee has stalled with various iterations proposed by the General Plan/LCP Implementation Committee, project consultants and interested parties such as the Building Industry Association of Orange County. The most recent version was reviewed by the GP/LCP committee and the final report, prepared by a consultant, is currently being reviewed by staff. Staff will prepare an updated schedule after discussions with the City Manager.

FUNDING SOURCE:

General Fund

TOTAL FUNDING REQUIRED FOR PROJECT:

\$100,000

FUNDING ALLOCATED TO DATE:

\$65,200

AMOUNT SPENT TO DATE:

\$65,200



PROJECT 18: West Newport Beach
Facility Planning

West Newport Beach Facility Planning

DEPARTMENTS:

Public Works, City Manager's Office
and Administrative Services

PROJECT LEAD:

Steve Badum, Public Works Director
Dave Kiff, City Manager
Tracy McCraner, Finance Director

PROJECT START DATE:

April 2011

TARGET COMPLETION DATE:

On-going

DESCRIPTION:

Most of the City's public buildings and facilities on the west side of the city are reaching the end of their service life and are in need of major refurbishment or replacement. In 2006, the City developed a comprehensive city-wide Facilities Financing Plan as a tool to identify, forecast and fund the refurbishment and/or replacement of numerous City owned facilities including police and fire stations, libraries, community and senior centers, services yards and parks. With the upcoming relocation of City Hall to the new Civic Center Complex, discussions have and continue to take place as to how best to reconstruct the remaining facilities to meet current and future community needs. The West Newport Beach Facility Planning process will include building upon the current efforts to redevelop the existing City Hall site and develop conceptual plans and alternatives to provide: consolidated maintenance and operations facilities; replacement and potentially relocated community center facilities and fire stations; replacement of the existing Lifeguard Headquarters building with smaller, more efficient facilities located at Newport and Balboa Piers; as well as continuing discussions regarding the future of various other City facilities, particularly those located on the western side of the Newport Bay.

FUNDING SOURCE:

General Fund

TOTAL FUNDING REQUIRED FOR PROJECT:

To be determined

FUNDING ALLOCATED TO DATE:

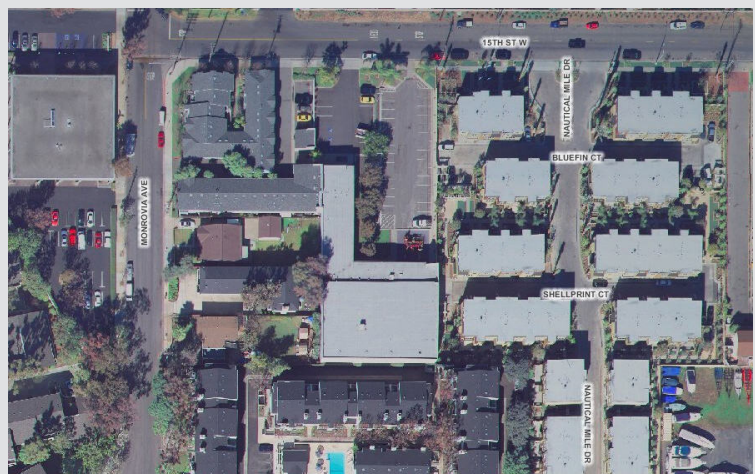
None-Budgeted for FY 2011-2012

AMOUNT SPENT TO DATE:

\$87,400

STATUS TO DATE:

Staff has developed conceptual plans to reuse the City's Corporation Yard (located at 592 Superior Avenue) upon consolidation with the City's Utility Yard (located at 949 W. 16th Street). A needs assessment is currently underway for the consolidation of the two facilities. The concept plan includes the relocation of the City's Police Department and the development of a consolidated West Newport Community Center. Staff is also exploring potential alternative locations for the replacement of Fire Station No. 2 (located adjacent to City Hall) to allow for a more efficient reuse of the current City Hall site.



PROJECT 19: Widen Jamboree Road in the Airport Area



Widen Jamboree Road in the Airport Area

DEPARTMENT:

Public Works

PROJECT LEAD:

Dave Webb, Deputy Public Works Director / City Engineer

PROJECT START DATE:

January 2005

TARGET COMPLETION DATE:

Summer 2012

DESCRIPTION:

This two-phase project involves widening the Jamboree Road bridge over the SR73 Freeway by 22 feet to the west (Phase 1); and then widening Jamboree Road at the intersection of MacArthur Boulevard between Bristol Street North and Fairchild Road (Phase 2) in an effort to reduce projected traffic congestion and delay. The bridge widening project (Phase 1) will create one additional northbound and southbound thru lane on Jamboree Road between MacArthur Boulevard and Bristol Street South. This project required developing a design and obtaining approval and a permit from Caltrans for this State-owned bridge. Additionally, the project required negotiations and purchase of three pieces of private property as well as several OCTA grant funding applications and successful funding award.

The Jamboree Road Improvements through the MacArthur Boulevard intersection (Phase 2) will provide one additional northbound lane through the intersection as well as an additional left turn lane from southbound Jamboree Road onto eastbound MacArthur Boulevard. This project also involves negotiations and voluntary purchase of three pieces of private property within the City of Irvine, as well as several OCTA grant funding applications and successful funding award.

FUNDING SOURCE:

Transportation and Circulation, IBC Settlement, Measure M Turnback, and Measure M Competitive

TOTAL FUNDING REQUIRED FOR PROJECT:

\$9.2 million

FUNDING ALLOCATED TO DATE:

\$10,228,884

AMOUNT SPENT TO DATE:

\$3,966,200

STATUS TO DATE:

The Jamboree Road Bridge Widening Project (Phase 1) was awarded for construction by City Council on March 8, 2011. Construction began in May and is approximately 35% complete with an estimated completion in Summer 2012.

The Jamboree Road Improvements project (Phase 2) is currently under design and staff is concurrently negotiating for the voluntary purchase of three pieces of private property on the northeast corner of the intersection within the City of Irvine.

To avoid conflict with Phase 1, staff's objective is to complete the property acquisition and design by the Fall of 2011 and start construction in Spring of 2012. Construction is expected to last about six months.